

Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Health (LDH) as a part of the Annual Comprehensive Financial Report of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate LDH's accountability over public funds for the period July 1, 2023, through June 30, 2024.

What We Found

In state fiscal year 2024, LDH resolved one of 11 findings reported in the prior year, with 10 findings repeated in this report. In total, 14 findings were reported as follows:

- For the **seventh consecutive year**, LDH did not enroll and screen all Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Medical Assistance Program (Medicaid) managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and Children's Health Insurance Program (CHIP) state plan.
- For the **fourth consecutive year**, LDH did not have adequate controls over financial reporting to ensure its financial reports were accurate, complete, and prepared in accordance with instructions from the Division of Administration, Office of Statewide Reporting and Accounting Policy. In addition, LDH also submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards.
- For the **third consecutive year**, LDH did not follow established payroll policies and procedures for the certification and approval of time sheets, as well as for the approval of leave requests.
- LDH did not have evidence that the state share of Medicaid expenditures associated with \$248 million of federal expenditures reported on the June 30, 2024 Centers for Medicare and Medicaid Services (CMS)-64 quarterly federal expenditure report were expended using state funds as of the date of the report. This resulted in federal questioned costs of \$168 million.
- LDH did not have adequate controls in place to ensure the Federal Medical Assistance Percentage was appropriately updated in the cost share tables within LaGov for two out of four quarters in fiscal year ending June 30, 2024, for the Medicaid program. This error resulted in federal questioned costs of \$87.6 million.

What We Found (Cont.)

- For the **second consecutive year**, LDH did not have adequate controls in place to ensure compliance with reporting and matching requirements for the Medicaid and the CHIP programs for all four quarters of fiscal year 2024. As a result, LDH failed to detect multiple errors between the financial statements and CMS quarterly federal expenditure reports, as well as errors on various schedules in the quarterly reports.
- LDH, Office of Public Health (OPH) did not have adequate controls in place to ensure that federal financial reports were accurate, current, and complete prior to being submitted to the Federal agency for the Public Health Emergency Preparedness federal program for the June 30, 2024 reporting period. OPH's annual report for the reporting period June 30, 2024, improperly included expenditures totaling \$146,598 from the period July 2024 through September 2024.
- LDH exceeded the federally-allocated 2016 Disproportionate State Hospital (DSH) funding limit by \$4.2 million, resulting in questioned costs. The overage occurred due to an inadequate reconciliation between the agency's actual DSH expenditures and the federal allotment.
- For the **second consecutive year**, LDH did not adhere to established policies and procedures regarding maternity kick payments for fiscal year 2024. As a result, there is an increased risk that maternity kick payments are being paid to Healthy Louisiana Managed Care Organizations (MCOs) for triggering events that may not have taken place or do not have satisfactory supporting evidence.
- For the **fifth consecutive year**, LDH lacked adequate internal controls over eligibility determinations in the Medicaid and CHIP programs for the state fiscal year ended June 30, 2024.
- For the **second consecutive year**, LDH paid Medicaid Home and Community Based Services claims for the New Opportunities Waiver for waiver services that were not adequately documented. In addition, payments were made for the Residential Options Waiver for waiver services that were not adequately documented. LDH also paid claims for support coordination services that were not documented in accordance with established policies.
- For the **second consecutive year**, LDH did not have adequate controls in place to correctly identify the date of discovery for provider overpayments. By not appropriately identifying the date of discovery as defined by federal regulations, LDH cannot ensure that the federal share of provider overpayments that reach their one-year period are returned to CMS in the appropriate quarter. In addition, LDH did not provide evidence that an adequate review was performed for three out of the four (75%) quarterly CMS-64 Line 9 reconciliations.
- For the **sixth consecutive year**, LDH, the MCOs, and Magellan Health Services did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied.
- For the **fifth consecutive year**, LDH, OPH did not ensure payroll expenditures were certified and approved for the HIV Prevention Activities Health Department Based program (AL 93.940).