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Report Highlights

Louisiana Department of Health

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Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Health (LDH), including the Office of Public Health (OPH), as part of the audit of the State of Louisiana's Comprehensive Annual Financial Report and the Single Audit of the State of Louisiana, and to evaluate its accountability over public funds for the period July 1, 2018, through June 30, 2019.

What We Found

In fiscal year 2019, LDH resolved two of the nine findings reported in the prior year, with seven findings repeated in this report. In total, 14 findings were reported as follows:

- For the second consecutive year, LDH failed to design and maintain adequate internal control over MAGI-based eligibility determinations in the Medical Assistance Program (Medicaid - CFDA 93.778) and Children's Health Insurance Program (LaCHIP - CFDA 93.767). In a follow-up MAU report titled *Status on the Use of Federal Tax Information* issued September 11, 2019, we reported that LDH had not implemented the use of federal tax information for MAGI-based eligibility determinations. Because LDH has not implemented the use of tax information for MAGI-based determinations, LDH continues to be unable to verify all critical eligibility factors. We determined that the lack of internal control due to not using federal tax information for verifications is applicable to all of the 1.4 million recipients in the MAGI eligibility group with premiums paid on their behalf. Since LDH did not use tax information in fiscal year 2019 and auditors are restricted by law from using tax information in the audit of Medicaid and LaCHIP eligibility, we are unable to obtain sufficient appropriate evidence to adequately test MAGI-based Medicaid eligibility. We consider this a scope limitation for our audit.
- LDH had weaknesses in controls over its new Medicaid and LaCHIP eligibility and enrollment system, LaMEDS. For example, LDH did not follow established procedures for user access control and lacked monitoring procedures for reviewing user access, override logs, audit logs, and underlying database changes.
- LDH made premium payments totaling approximately \$4.8 billion to the Healthy Louisiana MCOs without first receiving required contract amendment approvals. Also, LDH made payments totaling approximately \$868 million for service dates outside of the certification period provided by the actuary's Rate Certification Letter.
- For the second consecutive year, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. Currently, the managed care plans continue to enroll and screen all providers, in violation of federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Louisiana Medicaid managed care plans and cannot ensure compliance with enrollment requirements.

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What We Found (Cont.)

- For the eighth consecutive year, LDH paid Medicaid Home and Community Based Services (HCBS) claims for the New Opportunities Waiver (NOW), Residential Options Waiver (ROW), and Community Choices Waiver (CCW) totaling \$11,949 (\$7,767 in federal funds and \$4,182 in state funds) for waiver services that were not documented in accordance with established policies.
- For the fifth consecutive year, LDH failed to accurately complete the required quarterly reports of federal expenditures, resulting in \$17,279,582 (\$14,683,758 federal) in expenditures for Substance Use Disorder (SUD) waiver services not identified and reported separately as required by CMS.
- LDH did not have adequate controls to ensure compliance with federal requirements prohibiting the use of federal funding for abortion claims. LDH did not adequately monitor fee-for-services claims and claims from the Healthy Louisiana managed care health plans for compliance with federal requirements which prohibit Medicaid and LaCHIP funding for abortion services except in instances where abortion is necessary to save the mother's life or if the pregnancy is the result of an act of rape or incest.
- LDH failed to implement controls to ensure compliance with revised third-party liability requirements for prenatal and pregnancy related services. As a result, the Medicaid and LaCHIP programs may have paid full or partial claims that were the responsibility of other payers.
- For the third consecutive year, LDH failed to maintain evidence of notification of third-party liability (TPL) assignment as required for eligibility in the Medicaid and LaCHIP.
- For the second consecutive year, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste or abuse; and monthly checks of the federal excluded party database, as required by federal regulations for all Medicaid and LaCHIP fee-for-service providers.
- LDH did not have adequate controls in place to ensure proper coding of all managed care premiums, resulting in Healthy Louisiana premium payments made to the managed care health plans that did not match the correct recipient eligibility type.
- LDH failed to correct errors and update information on recipient eligibility records for variances reported to LDH by CMS, resulting in LDH not paying appropriate Medicare Buy-In premiums to CMS for Medicare coverage for eligible recipients.
- For the second consecutive year, the LDH, Office of Public Health did not have an adequate process in place to review redeemed food instruments (FIs) and cash-value vouchers (CVVs) for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program during fiscal year 2019.
- LDH, the MCOs, and Magellan Health Services (Magellan) did not have adequate controls in place to ensure that behavioral health services in the Medicaid program were properly billed and that improper encounters and claims were denied. In a Medicaid Audit Unit report titled *Improper Billing of Services within the Medicaid Behavioral Services Program*, issued September 4, 2019, we identified approximately \$47.5 million in encounters and claims for services between December 2015 and June 2019 that were paid by LDH, the MCOs, and Magellan even though claims did not comply with the LDH coding requirements and fee schedule.