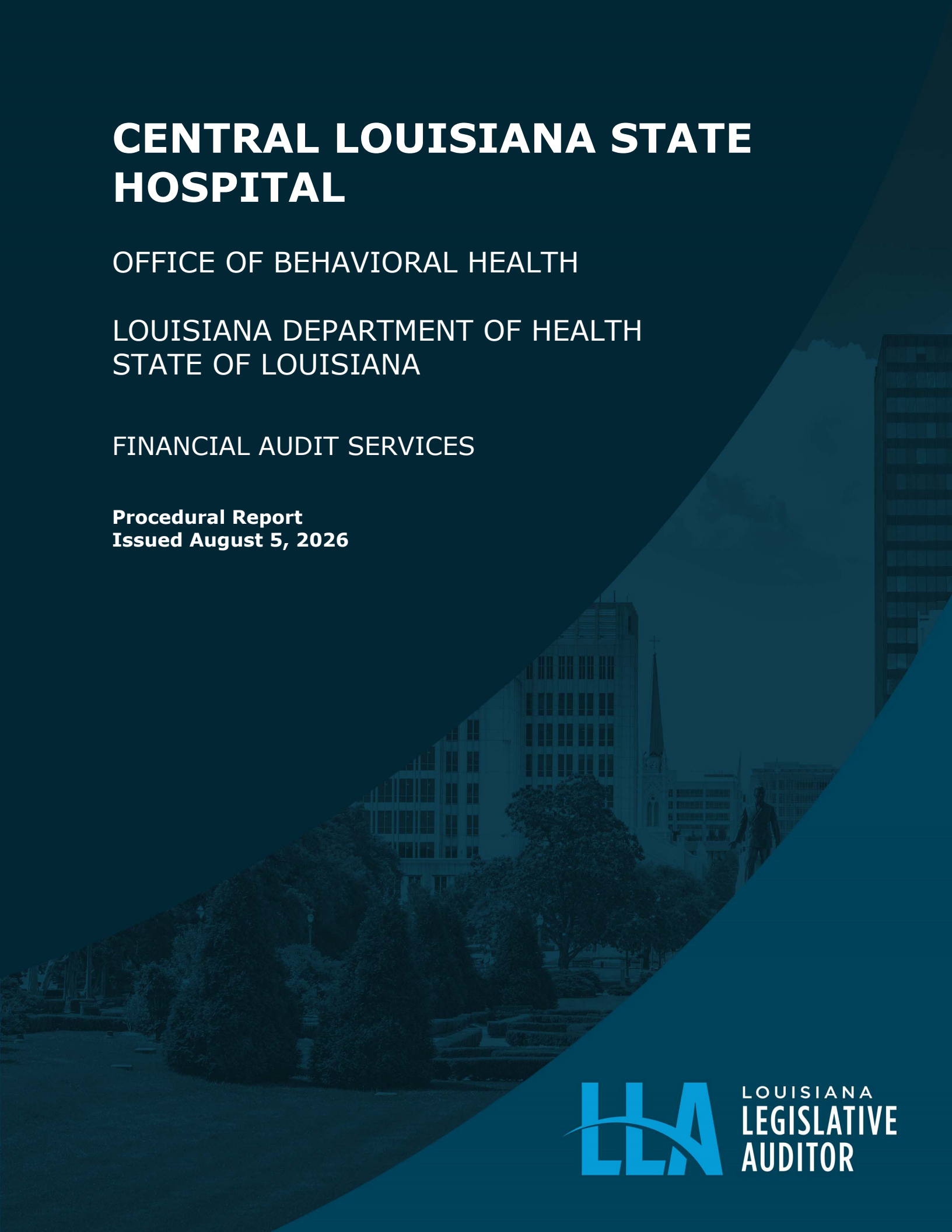
CENTRAL LOUISIANA STATE HOSPITAL

OFFICE OF BEHAVIORAL HEALTH

LOUISIANA DEPARTMENT OF HEALTH
STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Procedural Report
Issued August 5, 2026



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Central Louisiana State Hospital

August 2026

Audit Control # 80260025

Introduction

The primary purpose of our procedures at Central Louisiana State Hospital (CLSH) was to evaluate certain controls CLSH uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds.

CLSH is part of the Office of Behavioral Health, Louisiana Department of Health.

Results of Our Procedures

We evaluated CLSH's operations and system of internal control through inquiry, observation, and review of its policies and procedures, including a review of the applicable laws and regulations. Based on the documentation of CLSH's controls and our understanding of related laws and regulations, and the results of our analytical procedures, we performed procedures relating to moveable property, patient billings, purchasing card expenditures, payroll and personnel, and patients' account disbursements.

Based on the results of these procedures, we reported a finding related to *Inadequate Controls over Patient Billing*, as described in the Current-report Finding section of the report.

Current-report Finding

Inadequate Controls over Patient Billing

CLSH did not have adequate controls in place to ensure patient billing was performed in a timely manner and all funds owed for services were received and properly recorded. CLSH bills Medicare directly for Part A and Part B and may do so for up to a year after the service has been performed. Good accounting controls require that policies and procedures are documented and communicated to staff, billings are prepared timely, all revenues are recorded accurately and promptly upon receipt, and receipts are reconciled to billing records to ensure that financial records and reports are complete, accurate, and reliable.

Based on a review of 11 patient bills for the quarterly billing periods of January 1, 2025, to March 31, 2025, and July 1, 2025, to September 30, 2025, we noted the following:

- Medicare Part A in an amount of $109,884 was not billed, and an additional $5,933 was billed but not collected. Of the amount not collected, $2,957 is past the one-year time limit, and therefore, CLSH cannot rebill. Additionally, because CLSH did not bill Medicare for the above amount, an additional $11,600 was not collected from Medicaid.

- Services in an amount of $10,272 were denied for payment due to missing/invalid service provider information provided by CLSH. An additional amount of $1,218 relates to services that were billed but are not eligible for payment and CLSH is financially liable.

- For two patients, CLSH used incorrect rates when billing, which resulted in underbilled services of $305.

- CLSH received $1,370 related to services provided in state fiscal year 2025; however, they failed to record the revenue in the general ledger.

Furthermore, for four patients admitted between 2021 and 2023, an additional $308,466 was not billed to Medicare and Medicaid as the one-year timeframe had expired.

Finally, because CLSH does not have a reconciliation process in place to ensure that all billings have been received and properly recorded, there were two patients for which Medicare Part A services in an amount of $71,653 were billed, but payment was not received. CLSH was unaware that the funds had not been received until brought to their attention.

The errors occurred because CLSH did not have written policies and procedures regarding the patient billing and receipt process. CLSH also experienced employee turnover, which according to management, resulted in a period of time in which billings were not performed. In addition, CLSH does not have a reconciliation process in place to ensure that all billings have been received and properly recorded. Inadequate controls over billings increase the risk that funds for patient services provided will not be appropriately billed, received, and recorded in the accounting records and increases the risk that fraud or error will not be detected timely.

CLSH should develop and implement written policies and procedures over patient billings and receipts to ensure all billable patient services are appropriately billed and received. In addition, CLSH should ensure that employees are properly trained so that in the event of staff being absent, patient billings are still performed and receipts are properly reconciled and recorded in a timely manner. Management concurred with the finding and provided a corrective action plan (see Appendix A).

Trend Analysis

We compared the most current and prior-year financial activity using CLSH's Annual Fiscal Reports and/or system-generated reports and obtained explanations from CLSH's management for any significant variances.

Under Louisiana Revised Statute 24:513, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

KVL:NM:JPT:BQD:aa

CLSH2026

APPENDIX A: MANAGEMENT'S RESPONSE

Jeff Landry
GOVERNOR

Bruce D. Greenstein
SECRETARY

State of Louisiana

Louisiana Department of Health
Office of Behavioral Health

July 15, 2026

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Waguespack,

I am writing to formally respond to the Legislative Audit response letter dated July 9, 2026.

Central Louisiana State Hospital (CLSH) concurs with the following finding outlined in your report:

Inadequate Controls over Patient Billing: Adequate controls were not in place to ensure patient billing was performed in a timely manner and that all funds owed for services were received and properly recorded.

CLSH recognizes that the most recent audit covered multiple years during which significant staff turnover occurred. Due to the loss of experienced employees, patient billing activities were not performed consistently. This issue was further compounded by the absence of clear guidelines and expectations for newly hired staff.

To address and correct these concerns, CLSH has implemented the following actions:

• Effective April 15, 2026, CLSH established internal written policies and procedures to ensure timely billing, proper payment processing, and comprehensive reconciliation to prevent lost payments. Additionally, beginning in February 2026, all revenue has been tracked in a single consolidated document.

• CLSH will continue cross-training staff to ensure billing responsibilities are maintained in the absence of the designated employee.

• Effective July 1, 2026, a designated Patient Funds employee will review all denials and process necessary corrections within one month of the denial date. Any denials from the past year will also be reviewed and resubmitted when possible.

• Also beginning July 1, 2026, CLSH will maintain a monthly consolidated document detailing all patients, billed amounts, payments received, and reconciliations.

We appreciate the opportunity to address these issues and are committed to strengthening our processes to ensure accurate and timely patient billing.

Sincerely,

Nancy Brown CEO

Nancy Brown, CEO
Central Louisiana State Hospital

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at Central Louisiana State Hospital (CLSH) for the period from July 1, 2024, through June 30, 2026. Our objective was to evaluate certain controls CLSH uses to ensure accurate financial reporting, compliance with applicable laws and regulations, and accountability over public funds. The scope of our procedures, which is summarized below, was significantly less than an audit conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit or review CLSH's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. CLSH's accounts are an integral part of the state of Louisiana's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.

- We evaluated CLSH's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to CLSH.

- Based on the documentation of CLSH's controls and our understanding of related laws and regulations, and results of our analytical procedures, we performed procedures relating to moveable property, patient billings, purchasing card expenditures, payroll and personnel, and patients' account disbursements.

- We compared the most current and prior-year financial activity using CLSH's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from CLSH's management for any significant variances that could potentially indicate areas of risk.

The purpose of this report is solely to describe the scope of our work at CLSH, and not to provide an opinion on the effectiveness of CLSH's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purpose.