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## Report Highlights

# Consideration of the Bayou Health Transparency Report

## *Department of Health and Hospitals*

Audit Control # 80140104

Financial Audit Services • August 2014

### Why We Conducted This Audit

We conducted this audit to evaluate the reliability and consistency of the information reported in the *Bayou Health Transparency Report* to the Louisiana Legislature in January 2014.

### What We Found

In February 2012, DHH launched an overhaul of its legacy Medicaid system resulting in the state's first managed care system for Medicaid known as Bayou Health. Act 212 of the 2013 Regular Session required DHH to submit an annual report to the Legislature on the Medicaid Bayou Health program, which DHH submitted on January 2, 2014, as the *Bayou Health Transparency Report*.

We reviewed the DHH *Bayou Health Transparency Report* and noted the following:

- The transparency report covers only July 2012 through June 2013 and did not cover the first five months of the Bayou Health program--February 2012 through June 2012.
- The report did not provide comparable data between the new Bayou Health services data and the prior legacy (pre-Bayou Health) Medicaid data.
- The report included global assertions about Bayou Health cost savings and improved outcomes that were not required by Act 212, but support was not provided for these assertions.
- Data provided in the report is primarily self-reported by the Bayou Health plans. DHH did not provide documentation of validation or verification by DHH personnel of this self-reported data.
- DHH sanctioned one health plan one time for failure to provide the required percentage of general health plan paid claims data. However, two of the three health plans had numerous months where they failed to meet the requirement for claims data submission but were not sanctioned.
- One health plan reported 257,665 non-emergency claims paid to non-network providers totaling \$31.5 million. This self-reported data is inconsistent with data reported by the other health plans, with no explanation for the significant data outliers.
- Act 212 required DHH to provide audited financial statements for each health plan. While the report listed a section as audited financial statements, no audited financial statements were included.
- The transparency report included mathematical errors and inconsistencies between the various report sections and the supplemental data provided.

View the full report, including management's response, at [www.la.la.gov](http://www.la.la.gov).