State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	031	Finding:	The Health Care Authority did not perform semi-annual data sharing with health insurers as required by state law.
		Corrective Action:	The Authority does not concur with the finding. This finding is based on a specific data exchange method which most insurance carriers have chosen not to participate in and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. However, it is not within the Authority's scope of responsibilities to regulate insurance companies. In June 2018, the auditor submitted this finding to the appropriate committees of the legislature in accordance with the requirements of the amended RCW 43.09.312 when the auditor determines that the audited agency has not made substantial progress in remediating its noncompliance. Currently, the Authority regularly employs several other methods of data sharing to achieve the goal of identifying third party liability. The Authority has prepared legislation to present in January 2019 that modifies the specific method and timing of data exchange with insurance carriers. The Authority anticipates the finding will be resolved through the request legislation and/or the decision of the legislative committees regarding resolution. The conditions noted in this finding were previously reported in findings 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19, and 08-25.
		Completion Date:	Corrective action is expected to be complete by June 2019
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	032	Finding:	The Health Care Authority overpaid a tribe for Medicaid chemical dependency treatments.
		Corrective Action:	The Authority submits an annual State Plan to the Centers for Medicare and Medicaid Services (CMS) for approval. The plan includes tribal health care facilities that deliver health care services to Medicaid-eligible clients. In August 2017, the State Auditor's Office published a whistleblower investigation (report number 1019566) that reported the Authority overpaid a tribe for chemical dependency treatments. Since the language in the State Plan is not conclusive and more than one tribe has challenged the conclusions in the whistleblower report, the Authority requested guidance from CMS in September 2017 on whether the payments identified in the audit report are overpayments. The Authority also requested an amendment to the State Plan to provide clear language that would prospectively preclude the type of findings published in the whistleblower investigation and that is consistent with language approved by CMS for other states' tribal health programs. CMS approved the requested amendment effective September 29, 2017. On January 29, 2018, CMS directed the Authority to Section 4320 of the State Medicaid Manual issued by the Health Care Financing Administration (predecessor agency to CMS). In particular, paragraph C of the Section states: "If a State elects to cover clinic services, it may choose the type of clinics or clinic services that are covered, provided that the services constitute medical or remedial care." In light of this CMS guidance and based on various mitigating factors, the Authority has determined that it would be inappropriate to seek recovery of payments based on the sole reason that service was rendered by a provider not listed in the State Plan which was in effect prior to the amendment in September 2017. If the U.S. Department of Health and Human Services determines the payments identified in the audit are in fact overpayments, the Authority will follow the normal audit resolution process to resolve the questioned costs.
		Completion Date:	June 2018, subject to audit follow-up
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	033	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid medical providers were revalidated every five years and screening requirements were met.
		Corrective Action:	The Authority is aware of the current situation with provider revalidation and is closely monitoring with routine reports. Currently, the Authority is working on a long-term solution by developing an automated process that will conduct all necessary data matches. The new process is expected to significantly reduce the amount of manual effort required and ensure provider revalidation is performed timely. Until the new automated process is fully implemented, the Department conducts other activities to mitigate the risk of paying ineligible providers. The Authority has prioritized revalidation work, and is making progress towards revalidation compliance. By March 2019, the Authority will be in compliance with this requirement, and will have notified providers who enrolled with the Authority prior to March 31, 2014, of the revalidation requirement. In addition, the Authority noted that federal regulations require providers to be re-categorized as high risk under very specific, limited circumstances. Currently, there are approximately two dozen providers, out of 98,000, that meet the specific criteria and require to be re-categorized as high risk. By March 2019, the Authority will: • Implement the process of re-categorizing high-risk providers. • Formally adjust the risk level of this group of providers. • Update procedures to include the new process. When the new fingerprint requirement is implemented, the Authority will conduct fingerprint-based criminal background checks on the providers identified under this re-categorization process. The conditions noted in this finding were previously reported in finding 2015-035.
		Completion Date:	Corrective action is expected to be complete by March 2019
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	034	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid service verifications were performed for all eligible claims.
		Corrective Action:	To address the audit recommendations, the Department has taken the following actions: • As of May 2017, Medical Service Verifications (MSVs) were expanded in ProviderOne to include social service claims. • As of November 2017, a Service Level Agreement was signed with the Department of Social and Health Services (DSHS). The agreement detailed the roles and responsibilities of the Authority and DSHS for processing and investigating leads from MSVs. The Authority does not agree that the exclusion of nursing homes in the survey population is an indication of a control deficiency. The Authority strategically excluded nursing homes in order to conduct targeted, risk-based verifications with high return rates. From a compliance standpoint, the Authority believes federal regulations allow flexibility for grantees to adopt a more effective approach. The Authority will continue to consult with the federal grantor to obtain clarification. As of March 2018, nursing homes are included in the universe of ProviderOne claims until definitive federal guidance is obtained. The conditions noted in this finding were previously reported in finding 2016-029, 2015-032, 2014-039, 13-031, 12-54, and 11-39.
		Completion Date:	March 2018, subject to audit follow-up
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status
2017 F	035	Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it sought reimbursement for all eligible Medicaid outpatient prescription drug rebate claims. Corrective Action: The Authority disagrees, in most respect, with the Description of Condition, Cause of Condition, Effect of Condition and Questioned Costs, as stated in the finding. Details of the disagreements and concerns were outlined in the Authority's response to the finding. The following are exceptions identified by the auditors with which the Authority concurs and will take corrective actions: (1) Emergency medical eligibility This issue was limited to medical claims and affected 119 specific clients in the ProviderOne system. As of March 2018, the Authority started using a report that allows staff to preemptively identify these specific scenarios and make eligibility updates as appropriate. This review is performed on a weekly basis, which also allows the Authority to reprocess any affected claims prior to invoicing. (2) Procedure code configuration ProviderOne allows numerically sequential procedure codes with like requirements to be configured in ranges or 'groups.' However, unintended gaps were created in certain ranges during the process of uploading new and changed codes, which caused the National Drug Code (NDC) requirements on certain codes to be temporarily bypassed. In April 2018, the Authority corrected the drug rebate system errors by: • Removing the grouping configuration • Reviewing the current list of codes • Maintaining codes individually (3) Healthcare Common Procedure Coding System to NDC conversion errors This was a condition known to the Authority from prior audit findings. A ProviderOne change request has been initiated to add configurable fields to facilitate unit conversions on the more complex physician-administered drug claims. As of April 2018, this change was implemented. In addition, the Authority will: • Contact the Centers for Medicare and Medicaid Services to fully explain the audit results and determine if the questioned costs identified by the audit should be repaid. • Initiate work to invoice drug manufacturers for rebates that should be requested.

State Health Care Authority **Agency 107**

Audit Report	Finding Number	Finding and Corrective Action Status
2017 F	035 (cont'd)	The conditions noted in this finding were previously reported in findings 2015-034 and 2014-031 for fee-for-service Medicaid claims, and 2016-032 for managed care Medicaid claims. Completion Date: Corrective action is expected to be complete by January 2019 Agency Contact: Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	036	Finding:	The Health Care Authority overpaid Medicaid hospitals for outpatient services.
		Corrective Action:	The Authority agrees that some claims were missed during the original mass adjustment of claims affected by incorrect Enhanced Ambulatory Patient Group weight assignment in the ProviderOne system. As of November 2017, the Authority identified all the missed claims and processed the majority of the adjustments. As of January 2018, the Authority completed the processing of the remaining two percent of the claims that did not get adjusted in November 2017. All corrections had been completed at that time and there were no outstanding questioned costs.
		Completion Date:	January 2018, subject to audit follow-up
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	037	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with suspension and debarment requirements for Medicaid medical fee-for-service providers.
		Corrective Action:	As of December 2016, the Authority began conducting monthly checks on Medicaid providers with the List of Excluded Individuals/Entities database. The Authority is not currently conducting monthly checks with the Excluded Parties List System (EPLS). The System Award Management (SAM) system, which replaced the EPLS in November 2012, only has the ability to look up a single individual. There is also a price associated with uploading more than one individual provider at a time. Due to the volume of providers and the resources it requires, it is not feasible for the Authority to conduct monthly EPLS checks on providers. However, the Authority was recently approved as a pilot state to utilize the U.S. Department of Treasury's Do Not Pay database system. Once this process starts, the Authority will be able to upload the volume of providers into SAM/EPLS and conduct the required checks on a monthly basis. Although the Authority is not currently conducting SAM/EPLS database checks at the frequency required, there were no improper payments identified.
		Completion Date:	Corrective action is expected to be complete by December 2018
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	038	Finding:	The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure Medicaid expenditures were allowable to claim Children's Health Insurance Program funds.
		Corrective Action:	The Authority does not concur with the finding. The unallowable charges were the result of a system issue which was identified during the prior audit. The condition that led to the questioned costs identified in the 2017 fiscal year audit was corrected in July 2017. No correction action will be taken. The Authority will consult with the grantor regarding the resolution of the questioned costs. The conditions noted in this finding were previously reported in findings 2016-034, 2015-039, and 2014-037.
		Completion Date:	Not applicable
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	039	Finding:	The Health Care Authority made improper payments to Medicaid managed care recipients with Medicare insurance coverage.
		Corrective Action:	From March 2016 through June 2018, the Authority developed and ran an algorithm to identify and recoup duplicate Per Member Per Month (PMPM) premium payments for clients enrolled in Medicare. As of June 2018, the Authority implemented an enhancement to the ProviderOne payment system to automate recoupment of PMPM premiums for clients who are retro-enrolled in Medicare. The Authority will follow its normal finding resolution process with the U.S. Department of Health and Human Services regarding the resolution of questioned costs.
		Completion Date:	June 2018, subject to audit follow-up
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	040	Finding:	The Health Care Authority made improper Medicaid pharmacy fee-for-service payments for clients enrolled in managed care.
		Corrective Action:	The Authority does not concur with the finding. The pharmacy claims selected under this review were appropriately paid with the client being covered under the fee-for-service program at the time of claim submission and payment. The Authority does not recoup pharmacy payments for appropriately billed and paid services when the client's enrollment retroactively changes from fee-for-service to managed care. The Authority received informal guidance from Centers for Medicare and Medicaid Services (CMS) stating that this cost/benefit approach is appropriate. The Authority is requesting official guidance from CMS.
		Completion Date:	Not applicable
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov

State Health Care Authority — Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
2017 F	041	Finding:	The Health Care Authority made improper Medicaid payments to Federally Qualified Health Centers.
		Corrective Action:	The Authority will initiate the overpayment recoupment process and work with the grantor in the resolution of the questioned costs. The conditions noted in this finding were previously reported in findings 2016-030, 2015-033, 2014-036, and 2013-026.
		Completion Date:	Corrective action is expected to be complete by March 2019
		Agency Contact:	Lynda Karseboom Audit and Accountability Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-1228 Lynda.Karseboom@hca.wa.gov