

**State of Washington - Office of Financial Management
 Status of Audit Resolution
 December 2020**

State Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	028	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the Substance Abuse and Mental Health Services Projects of Regional and National Significance and Block Grants for Prevention and Treatment of Substance Abuse programs received required audits.</p> <p>Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Health Care Authority (Authority). The Authority assumed the responsibilities over the Substance Abuse and Mental Health Services Projects of Regional and National Significance and Block Grants for Prevention and Treatment of Substance Abuse programs.</p> <p>The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring. • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Subrecipients submit required audits. ○ Subrecipients take timely actions on all deficiencies identified from audits or onsite reviews. ○ All audit findings and correction action plans are tracked and management decisions are issued promptly. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>The conditions noted in this finding were previously reported in findings 2018-025, 2017-016, 2016-014, 2015-016, and 2014-019.</p> <p>Completion Date: Corrective action is expected to be complete by March 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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State Health Care Authority

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	047	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with a state law requirement to perform semi-annual data sharing with health insurers.</p> <p>Corrective Action: This finding is based on a specific data exchange method in which most insurance carriers have chosen not to participate and which the Authority has no legal authority to enforce. The auditor recommended the Authority seek and obtain the legal authority through legislation. While it is not within the Authority’s scope of responsibilities to regulate insurance companies, several other methods of data sharing are regularly employed to achieve the goal of identifying third party liability.</p> <p>The Authority drafted legislation for the 2020 legislative session to modify existing state law to more appropriately align with state practices. House Bill 2677 unanimously passed both the House of Representatives and Senate and was signed into law by the governor on March 27, 2020.</p> <p>The Authority believes this finding is resolved through the enactment of the new law effective June 2020.</p> <p>The conditions noted in this finding were previously reported in findings 2018-041, 2017-031, 2016-028, 2015-030, 2014-034, 2013-020, 12-49, 11-38, 10-40, 09-19 and 08-25.</p> <p>Completion Date: June 2020, subject to audit follow-up</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	048	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure certain Medicaid providers were revalidated every five years or that screening and fingerprint-based criminal background check requirements were met.</p> <p>Corrective Action: The Authority has prioritized revalidation work, and has made progress towards revalidation compliance.</p> <p>As of October 2019, the Authority implemented a process that ensures a provider’s risk level is adjusted as required under federal requirements.</p> <p>As of November 2019, the Authority completed screening of all medical providers in accordance with the Affordable Care Act rules, which included:</p> <ul style="list-style-type: none"> • All new providers who enrolled within the last five years after November 2014. • All existing providers who were last revalidated since November 2014. <p>All providers have been notified of approaching revalidations.</p> <p>The COVID-19 pandemic put on hold efforts to implement the fingerprint-based criminal background checks. The Center for Medicare and Medicaid Services COVID-19 Emergency Declaration Blanket Waivers for Health Care Providers waived the screening requirements associated with fingerprint-based criminal background checks through the end of the emergency declaration. The Authority plans to continue its efforts after the federal and state COVID-19 emergency waiver ends.</p> <p>The conditions noted in this finding were previously reported in findings 2018-042, 2017-033, and 2016-035. The auditors determined 2016-035 as resolved.</p> <p>Completion Date: Corrective action is expected to be complete by March 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	049	<p>Finding: The Health Care Authority did not have adequate internal controls to ensure Medicaid expenditures for Children’s Health Insurance Program Funds were allowable.</p> <p>Corrective Action: The Authority does not concur with the description or effect of condition of the finding.</p> <p>The auditors determined that the Authority does not conduct a post-eligibility review for coverage under the Children’s Health Insurance Program (CHIP) when a household’s income is below 133 percent of the federal poverty level. There is no such requirement in our federally approved verification plan, and the Authority does not agree that a significant deficiency in internal control exists.</p> <p>The condition that led to the \$4 in unallowable claims for additional CHIP funds was corrected in July 2017.</p> <p>The Authority will consult with the grantor regarding the resolution of the questioned costs.</p> <p>The conditions noted in this finding were previously reported in findings 2018-048, 2017-038, 2016-034, 2015-039, and 2014-037. The auditors determined 2014-037 as resolved.</p> <p>Completion Date: Not Applicable</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	050	<p>Finding: The Health Care Authority made improper Medicaid payments to clients that were not eligible for the Modified Adjusted Gross Income Medicaid program.</p> <p>Corrective Action: The Authority concurs with the finding and will work with the federal grantor to resolve the questioned costs.</p> <p>As of May 2020, the Authority completed a system change request to correct the claims reported under the Medicaid grant instead of the Children’s Health Insurance Program (CHIP). Since the correction resulted in a higher federal participation rate for the claims under CHIP, there are no federal funds to return.</p> <p>The Authority will continue to ensure post eligibility reviews are completed according to the Authority’s policies and procedures.</p> <p>Completion Date: May 2020, subject to audit follow-up</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager P.O. Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	051	<p>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.</p> <p>Corrective Action: The Authority completed corrective actions to improve internal controls and compliance with the suspension and debarment requirements.</p> <p>As of November 2019, the Authority fully implemented the Automated Provider Screening process to conduct the following monthly database checks for medical providers:</p> <ul style="list-style-type: none"> • Excluded Parties List System • Federal System for Award Management <p>The Authority will also continue to monitor Managed Care Organizations' compliance with their contractual requirements to perform these monthly checks.</p> <p>The conditions noted in this finding were previously reported in findings 2018-046 and 2017-037.</p> <p>Completion Date: November 2019, subject to audit follow-up</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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2019 F	052	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure reports of potential fraud obtained through the Medicaid Service Verification process were investigated.</p> <p>The Authority concurs with the finding.</p> <p>The Authority’s Section of Program Integrity responsible for the Medicaid service verification process recently underwent a major reorganization. As a result, the Authority was unable to conduct preliminary investigations due to limited audit and investigation staff.</p> <p>The Authority has substantially completed the review and update of existing policies and procedures to:</p> <ul style="list-style-type: none"> • Strengthen internal controls and ensure compliance with federal requirements. • Ensure an effective process is in place for conducting preliminary investigations when the Medicaid service verification process identifies potential fraud. <p>Corrective action is expected to be complete by March 2021</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	053	<p>Finding: The Health Care Authority, Section of Program Integrity, Audit and Investigations Unit, did not establish adequate internal controls over and did not comply with requirements to identify and refer suspected fraud cases for investigation.</p> <p>Corrective Action: The Authority concurs with the finding.</p> <p>The Audit and Investigations Unit underwent two reorganizations in the past few years. Some of the policies and procedures were outdated and did not accurately reflect the Authority’s current audit practices.</p> <p>The Authority has substantially completed the review and update of existing policies and procedures to:</p> <ul style="list-style-type: none"> • Strengthen internal controls and ensure compliance with federal requirements. • Ensure adequate monitoring is in place for the Audit and Investigations Unit. <p>The Authority is also working on developing policies and procedures around the methods and criteria for identifying and investigating suspected fraud cases.</p> <p>The conditions noted in this finding were previously reported in finding 2018-047.</p> <p>Completion Date: Corrective action is expected to be complete by March 2021</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	064	<p>Finding: The Health Care Authority did not have adequate internal controls to ensure payments made to providers under the State Opioid Response Grants were allowable and met period of performance requirements.</p> <p>Corrective Action: The Authority concurs with the finding. In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the State Opioid Response Grant. Due to insufficient resources to effectively support the transfer of all grant management tasks, other accounting units assisted the program’s accounts payable unit in processing a backlog of payments. During this period, some of the established procedures to ensure payments include proper approvals were not followed. As of August 2019, the Authority increased the staffing level of the accounts payable unit from three to six.</p> <p>Completion Date: August 2019, subject to audit follow-up</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	065	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response Grants received required audits.</p> <p>Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Health Care Authority (Authority). The Authority assumed the responsibilities over the State Opioid Response grant program.</p> <p>The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Subrecipients submit required audits. ○ Subrecipients take timely actions on all deficiencies identified from audits or onsite reviews. ○ All audit findings and corrective action plans are tracked and management decisions are issued promptly. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>Completion Date: Corrective action is expected to be complete by December 2020</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	066	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subrecipients of the State Opioid Response Grants received required risk assessments.</p> <p>Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the State Opioid Response grant program.</p> <p>The Authority has already taken steps to address the audit recommendations including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring. • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Monitoring is in place to ensure risk assessments are performed for all subrecipients. ○ Results of risk assessments are used to determine the type and level of monitoring to be performed for subrecipients. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>Completion Date: Corrective action is expected to be complete by December 2020</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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2019 F	068	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate internal controls to ensure payments made to providers under the Block Grants for Prevention and Treatment of Substance Abuse were allowable and met earmarking requirements.</p> <p>The Authority concurs with the audit finding.</p> <p>In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse programs.</p> <p>Due to insufficient resources to effectively support the transfer of all grant management tasks, other accounting units assisted the program’s accounts payable unit in processing a backlog of payments. During this period, some of the established procedures to ensure payments include proper approvals were not followed.</p> <p>As of August 2019, the Authority:</p> <ul style="list-style-type: none"> • Increased the staffing level of the accounts payable unit from three to six. • Created and staffed a new Grants Management unit, and identified staff specifically responsible for monitoring and managing the fiscal requirements of all federal grants administered by the Authority. • Implemented a process to manage the earmarking requirement at an aggregate level. The Grants Management unit will monitor and adjust expenditures if needed to ensure compliance. <p>August 2019, subject to audit follow-up</p> <p>Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	069	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal level of effort requirements for the Block Grants for Prevention and Treatment of Substance Abuse program.</p> <p>Corrective Action: The Authority concurs with the finding.</p> <p>In July 2018, the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse program was transferred from the Department of Social and Health Services to the Authority. During the program transition, the Authority identified some qualifying state expenditures not included in the maintenance of effort (MOE) for fiscal year 2018. This information was subsequently communicated to the auditors during fieldwork.</p> <p>As of January 2020, the Authority adjusted the fiscal year 2019 expenditures to meet the MOE requirement.</p> <p>During 2019, the Authority implemented the following internal controls to strengthen compliance with the federal level of effort requirements:</p> <ul style="list-style-type: none"> • Created and staffed a new unit for grants management. • Identified staff specifically responsible for monitoring and managing the MOE requirements of all federal grants administered by the Authority. • Implemented procedures to track pertinent MOE requirements and consistently monitor balances. • Established reporting procedures of MOE information to the relevant program and financial services management teams. <p>Completion Date: January 2020, subject to audit follow-up</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>

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Audit Report	Finding Number	Finding and Corrective Action Status
2019 F	070	<p>Finding: The Health Care Authority did not have adequate internal controls over and did not comply with federal requirements to ensure subawards of Block Grants for Prevention and Treatment of Substance Abuse contained all required information.</p> <p>Corrective Action: In July 2018, the Division of Behavioral Health and Recovery transitioned from the Department of Social and Health Services to the Authority. The Authority assumed the responsibilities over the operations and management of the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>The Authority has already taken steps to address the audit findings including establishing an agency-wide subrecipient monitoring workgroup to define roles and responsibilities for:</p> <ul style="list-style-type: none"> • Assessing and updating policies and procedures related to subrecipient monitoring. • Strengthening internal controls to ensure: <ul style="list-style-type: none"> ○ Subrecipients are accurately classified during the contract review and approval process. ○ All required information is included when subawards are issued. <p>Due to the Authority’s COVID-19 pandemic response, the subrecipient monitoring workgroup efforts have been delayed. The Authority will work to ensure these efforts continue and the audit findings are addressed.</p> <p>Completion Date: Corrective action is expected to be complete by December 2020</p> <p>Agency Contact: Keri Kelley External Audit Compliance Manager PO Box 45502 Olympia, WA 98504-5502 (360) 725-9586 keri.kelley@hca.wa.gov</p>