

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-053	<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 clients were eligible for the Children’s Health Insurance Program.</p> <p>The Authority does not concur with the finding.</p> <p>The Authority pursued and was notified of approval for the 1115 disaster waiver from the Centers for Medicare &amp; Medicaid Services (CMS). The waiver will approve Children’s Health Insurance Program (CHIP) funding for clients aged 19 and over during the public health emergency, retroactive to March 18, 2020. Once the official approval letter is received from CMS, the issue will be resolved, and the approval letter will be provided to CMS Audit Resolution.</p> <p>The Children’s Health Insurance Program Reauthorization Act (CHIPRA) postpartum period is state-funded and the Authority processes manual journal vouchers to move federal funding to state funding each quarter. For this audit, the auditors did not allow sufficient time for accounting staff to provide the journal vouchers for inclusion in the audit results. The Authority will work with CMS during the audit resolution process and provide the journal vouchers as needed to demonstrate that state funds were used for the postpartum expenditures.</p> <p>Effective July 1, 2022, the Authority added coding to ProviderOne which automates the accounting process for CHIPRA postpartum client funding.</p> <p>The conditions noted in this finding were previously reported in finding 2021-046.</p> <p>Not applicable</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

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1032843	2022-054	<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 managed care financial audit requirements.</p> <p>The Authority implemented policies and procedures and established a process to:</p> <ul style="list-style-type: none"> <li>• Collect audited financial reports annually from managed care organizations.</li> <li>• Conduct audits of encounter and financial data no less than once every three years.</li> </ul> <p>Additionally, the Authority amended managed care contract language to include the following:</p> <ul style="list-style-type: none"> <li>• Required managed care organizations to submit audited financial reports annually beginning in fiscal year 2023.</li> <li>• Directed managed care organizations to follow the required timing and procedures for submitting audited financial reports.</li> <li>• Clarified that failure to submit reports is sanctionable.</li> </ul> <p>The Authority also conducted an encounter validation audit and is conducting a financial report validation audit. These audits are completed in a frequency outlined in federal regulations.</p> <p>The conditions noted in this finding were previously reported in finding 2021-048.</p> <p>May 2022, subject to audit follow-up</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

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1032843	2022-055	<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 federal provider eligibility requirements for the Medicaid and Children’s Health Insurance Program.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority agrees that ProviderOne sends revalidation notifications one day after the due date rather than before the due date. A system revision to correct this issue is expected to be in place by the beginning of 2024.</p> <p>The Authority does not concur with the remainder of the audit finding as stated in the description of condition. The auditor did not provide sufficient information for the Authority to review the identified exceptions and associated questioned costs. Due to the lack of information provided, the Authority is unable to agree or disagree with the results of the audit.</p> <p>The Authority will work with the auditor to obtain sufficient supporting information to review the exceptions and questioned costs. Once this process is completed, the Authority will work with the Centers for Medicare &amp; Medicaid Services on finding resolution.</p> <p>The conditions noted in this finding were previously reported in findings 2021-047, 2020-046, 2019-048, 2018-042, 2017-033, and 2016-035. The auditors determined 2016-035 as resolved.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

**State of Washington - Office of Financial Management**  
**Status of Audit Resolution**  
**December 2023**

**Health Care Authority**

**Agency 107**

<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
1032843	2022-060	<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 it periodically audited cost report data for rate setting, hospital billings, and other financial and statistical records for inpatient hospital services.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority does not agree it did not comply with federal requirements related to audits of inpatient hospitals. The Authority performs the following procedures:</p> <p>Cost report data for rate setting:</p> <ul style="list-style-type: none"> <li>• Audits Medicaid cost report schedules and supporting documentation used for the Certified Public Expenditure Program.</li> <li>• Audits critical access hospital data and uses final audited Medicare cost reports for settlement.</li> <li>• Reviews and audits hospital cost reports using the ratio of costs-to-charges payment method.</li> </ul> <p>Hospital billings:</p> <ul style="list-style-type: none"> <li>• Annual audits of hospital billings.</li> </ul> <p>Other financial and statistical records:</p> <ul style="list-style-type: none"> <li>• Audits disproportionate share hospital reimbursements.</li> </ul> <p>The Authority concurs that documentation of the different hospital audits performed could be more clearly defined and will formalize procedures related to the conduct of the required audits.</p> <p>The conditions noted in this finding were previously reported in findings 2021-051 and 2020-049.</p> <p>December 2023, subject to audit follow-up</p> <p>Kari Summerour, CPA  External Audit Compliance Manager  PO Box 45502  Olympia, WA 98504-5502  (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

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<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
1032843	2022-061	<p><b>Finding:</b></p> <p>The Health Care Authority did not have adequate internal controls over and did not comply with requirements to ensure it performed procedures to safeguard against unnecessary utilization of care and services for the Medicaid program.</p> <p><b>Corrective Action:</b></p>	<p>The Authority partially concurs with the finding.</p> <p>The Authority has received guidance from the Centers for Medicare &amp; Medicaid Services (CMS) and will adjust the state plan based on CMS requirements. Per CMS guidance, this adjustment will not include separately listing the methods and procedures it uses to safeguard against unnecessary utilization of care and services.</p> <p>The Authority does not concur with the auditor's conclusion regarding its statewide surveillance and utilization control program not meeting federal program integrity requirements. The Authority's program meets CMS standards and requirements and provides reasonable oversight. The Authority will update its policies and procedures related to the program.</p> <p>The Authority concurs that the two providers of the Program of All-inclusive Care for the Elderly (PACE) were not monitored for their compliance with the False Claims Act (FCA) during the fiscal year. The Department of Social and Health Services (DSHS) manages the contracts for the PACE program, but payments to these providers are routed through the Authority's ProviderOne system. The process for PACE provider monitoring has been clarified with DSHS who is responsible for providing FCA oversight for these contracts.</p> <p>The conditions noted in this finding were previously reported in findings 2021-050, 2020-047, 2020-048, 2019-052, 2019-053 and 2018-047.</p> <p><b>Completion Date:</b> December 2023, subject to audit follow-up</p> <p><b>Agency Contact:</b> Kari Summerour, CPA  External Audit Compliance Manager  PO Box 45502  Olympia, WA 98504-5502  (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

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1032843	2022-062	<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 report recoveries of fraudulent overpayments on the CMS-64 report.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority has established a process to ensure information concerning the status of Medicaid Fraud Control Unit (MFCU) cases is communicated timely to the Authority from the Attorney General’s Office. The Authority has documented the process to ensure recoveries of fraudulent overpayments are reported on the CMS-64 report appropriately and any federal share is returned timely to the Centers for Medicaid &amp; Medicare Services (CMS).</p> <p>The Authority agrees that \$1,032 needs to be repaid to CMS and will initiate return of those funds.</p> <p>The Authority does not concur that the remaining \$976,580 needs to be returned to CMS. The state pursued assets through its available means and the court. The provider in question has been out of business since 2017 and a final court ruling was made in June 2022. In April 2023, the Attorney General’s Office certified the defaulted corporation had no identifiable assets. In accordance with 42 CFR 433.318(d), the provider is out of business and the Authority is not required to return the overpayment to CMS. The Authority will provide the court documentation and Attorney General’s certification to CMS Audit Resolution.</p> <p>The conditions noted in this finding were previously reported in findings 2021-052 and 2020-050.</p> <p>Corrective action is expected to be complete by February 2024</p> <p>Kari Summerour, CPA                      External Audit Compliance Manager                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-9586  <a href="mailto:Kari.Summerour@hca.wa.gov">Kari.Summerour@hca.wa.gov</a></p>

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1032843	2022-063	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority did not have adequate controls over and did not comply with requirements to ensure payments to providers for the Block Grants for Community Mental Health Services were allowable and met period of performance requirements.</p> <p>The Authority partially concurs with the audit recommendations.</p> <p>The Authority will:</p> <ul style="list-style-type: none"> <li>• Maintain all supporting documentation used to calculate the year-end accrual transactions.</li> <li>• Maintain a workbook to calculate estimated expenditures to be accrued for the fiscal year.</li> </ul> <p>The Authority will continue to review payments for allowability and ensure they occur within the grant period. The period of performance of the grant extends beyond the end of the state’s fiscal year. Invoices for the program continue to be received after fiscal year end and the cut-off date for reporting on the Schedule of Expenditures of Federal Awards.</p> <p>The Authority does not concur with the questioned costs and will verify with the grantor that questioned costs do not need to be repaid.</p> <p>August 2023, subject to audit follow-up</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

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<b>Audit Report</b>	<b>Finding Number</b>	<b>Finding and Corrective Action Status</b>	
1032843	2022-064	<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 level of effort requirements for the Block Grants for Community Mental Health Services program.</p> <p>The Federal Financial Reporting unit updated procedures for preparing the quarterly level of effort tracking workbooks. The procedures were updated to include:</p> <ul style="list-style-type: none"> <li>• Accurate and complete expenditure criteria for generating the reports used to prepare the workbooks.</li> <li>• Required documented review and approval of the quarterly level of effort tracking workbooks.</li> </ul> <p>February 2023, subject to audit follow-up</p> <p>William Sogge, CPA            External Audit Liaison            PO Box 45502            Olympia, WA 98504-5502            (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>



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1032843	2022-065	<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 it filed accurate and timely reports required by the Federal Funding Accountability and Transparency Act for the Block Grants for Community Mental Health Services.</p> <p>The Authority finalized procedures across divisions to ensure there are established internal controls over the Federal Funding Accountability and Transparency Act (FFATA) reporting.</p> <p>A workgroup was established and finalized the criteria for when FFATA reports are required. The Authority initiated this process for all subawards beginning July 1, 2022.</p> <p>The Authority implemented the following procedures to ensure compliance with the reporting requirements:</p> <ul style="list-style-type: none"> <li>• Office of Contracts and Procurement includes a FFATA form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting.</li> <li>• Grants Accounting staff have been assigned and received training to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System.</li> </ul> <p>The implemented procedures were designed to ensure compliance with FFATA reporting requirements. The Authority will continue to provide training to staff involved in the process.</p> <p>July 2022, subject to audit follow-up</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

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1032843	2022-066	<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 federal requirements to ensure subrecipients of the Block Grants for Community Mental Health Services program and the Block Grants for Prevention and Treatment of Substance Abuse program received required single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Authority concurs with the finding.</p> <p>The Authority will continue to strengthen internal controls over monitoring of sub-recipients' requirement for single audits, and appropriately follow up on findings and issue management decisions.</p> <p>The Authority is transitioning the subrecipient Single Audit tracking processes to a new unit beginning in fiscal year 2024. New procedures will be implemented and formalized to ensure compliance with federal requirements.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>William Sogge, CPA            External Audit Liaison            PO Box 45502            Olympia, WA 98504-5502            (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>



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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-067 (cont'd)	Agency Contact:	William Sogge, CPA External Audit Liaison PO Box 45502 Olympia, WA 98504-5502 (360) 725-5110 <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a>

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1032843	2022-068	<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 over and did not comply with requirements to ensure it met the earmarking requirement for the Block Grants for Prevention and Treatment of Substance Abuse.</p> <p>The Federal Financial Reporting unit updated procedures for preparing monthly earmarking tracking workbooks to ensure the Authority does not exceed the maximum allowable amount for administrative costs. The procedures also include management review and approval of the earmarking tracking workbooks.</p> <p>The Authority processed subsequent adjustments reducing the administrative costs charged to the grant, which the auditors did not take into consideration. The grantor requested the Authority not repay questioned costs until it receives a management decision letter. The Authority will return \$661 to the grantor if asked in the management decision letter.</p> <p>The conditions noted in this finding were previously reported in finding 2021-056.</p> <p>November 2023, subject to audit follow-up</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>



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Audit Report	Finding Number	Finding and Corrective Action Status	
1032843	2022-070	<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 federal requirements to ensure subrecipients of the Block Grants for Prevention and Treatment of Substance Abuse program received required risk assessments.</p> <p>The Authority concurs with the audit recommendations and is in the process of centralizing procedures related to subrecipient monitoring.</p> <p>The Authority will develop procedures related to the risk assessment process and ensure the assessment results are used to determine the subrecipient monitoring work that will be performed.</p> <p>The conditions noted in this finding were previously reported in findings 2021-060 and 2020-064.</p> <p>Corrective action is expected to be complete by June 2024</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>

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Audit Report	Finding Number	Finding and Corrective Action Status	
1033329	2022-001	<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 client and provider requirements related to the Wraparound with Intensive Services program.</p> <p>The Authority partially concurs with the finding.</p> <p>The Authority will revise the Wraparound with Intensive Services manual and implement system alerts over timeliness of Child and Adolescent Needs and Strengths (CANS) assessments, reassessments, and discharges.</p> <p>The Authority obtained a new attestation for the provider who was missing an attestation.</p> <p>The Authority does not concur that it insufficiently monitored service intensity requirements. Controls were already in place with corrective action imposed for underperforming regions during the audit period. No further action will be taken on this item.</p> <p>Corrective action is expected to be complete by March 2024</p> <p>William Sogge, CPA                      External Audit Liaison                      PO Box 45502                      Olympia, WA 98504-5502                      (360) 725-5110  <a href="mailto:william.sogge@hca.wa.gov">william.sogge@hca.wa.gov</a></p>