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Report Highlights

Louisiana Department of Health

Audit Control # 80210062
Financial Audit Services • June 2022

Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Health (LDH) as a part of the Annual Comprehensive Financial Report of the State of Louisiana, the Single Audit of the State of Louisiana, and to evaluate LDH's accountability over public funds for the period July 1, 2020, through June 30, 2021.

What We Found

In state fiscal year 2021, LDH resolved four of 14 findings reported in the prior year, with 10 findings repeated in this report. In total, 18 findings were reported as follows:

- LDH, Office of Public Health (OPH) could not provide a detailed listing of food benefits paid, including dollar value, to eligible participants during fiscal year 2021 for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
- For the **fourth consecutive year**, LDH did not enroll and screen Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Medicaid managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and Children's Health Insurance Program (CHIP) state plan.
- For the **fourth consecutive year**, LDH did not perform five-year revalidations; screenings based on categorical risk of fraud, waste, or abuse; and monthly checks of the federal excluded party database, as required by federal regulations for all Medicaid and CHIP fee-for-service (FFS) providers.
- LDH, OPH lacked internal controls to ensure compliance with regulations over the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program related to the activities allowed or unallowed and the allowable costs/cost principles compliance requirements.
- LDH did not have adequate controls over financial reporting to ensure its financial reports were accurate, complete, and prepared in accordance with instructions from the Division of Administration, Office of Statewide Reporting and Accounting Policy (OSRAP).
- LDH, OPH submitted inaccurate information for the Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2021.
- For the **second consecutive year**, LDH lacked adequate internal controls over eligibility determinations in Medicaid and CHIP for the state fiscal year ending June 30, 2021.

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What We Found (Cont.)

- LDH failed to properly implement and monitor National Correct Coding Initiative Requirements (NCCI) for Medically Unlikely Edits (MUE) and Procedure-to-Procedure (PTP) edits for the Medicaid FFS claims. Failure to properly implement and enforce all required NCCI edits increases the likelihood that FFS claims, which should be denied, could potentially be paid.
- LDH did not have adequate controls in place to monitor its contract with Magellan Medicaid Administration, Inc. (Magellan) and was unable to identify a control that would address the timely collection of partially paid drug rebates invoices. Without procedures to address drug manufacturers that do not pay the entire quarterly balance, there is a risk that appropriate rebates will not be collected.
- For the **third consecutive year**, LDH, the managed care organizations (MCOs), and Magellan did not have adequate controls in place to ensure that behavioral health services in the Medicaid and CHIP programs were properly billed and that improper encounters were denied.
- LDH, OPH did not ensure payroll expenditures were timely certified and approved for the Public Health Emergency Preparedness program, the HIV Prevention Activities Health Department Based program, the Epidemiology and Laboratory Capacity for Infectious Diseases program, the WIC Special Supplemental Nutrition Program for Women, Infants, and Children, and the Coronavirus Relief Fund program. This is the **second consecutive year** payroll internal control deficiencies have been reported for Public Health Emergency Preparedness, HIV Prevention Activities Health Department Based, and Coronavirus Relief Fund.
- LDH, Office of Behavioral Health, did not ensure payroll expenditures were approved in accordance with agency policy. These expenditures were submitted to the Division of Administration (DOA) for reimbursement by the Coronavirus Relief Fund (CRF) program.
- For the **tenth consecutive year**, LDH paid Medicaid Home and Community Based Services (HCBS) claims for the New Opportunities Waiver (NOW) for waiver services that were not documented in accordance with established policies.
- On October 20, 2021, an Office of Technology Services (OTS) employee unknowingly deleted critical supporting financial records, including certain supporting schedules for its SEFA, on an OPH server during a workstation operating system upgrade. OTS recovered the previously deleted records on December 22, 2021, two months after the initial loss. In addition, an OTS contractor performed periodic backups on a USB drive rather than using more secure and reliable processes.
- For the **third consecutive year**, LDH did not have adequate controls to ensure compliance with federal regulations prohibiting the use of federal funding for abortion claims.
- For the **third consecutive year**, LDH failed to implement controls to ensure compliance with third-party liability (TPL) requirements for prenatal and pregnancy related services.
- For the **second consecutive year**, LDH paid claims totaling \$6,833 (\$5,032 in federal funds and \$1,801 in state funds) in state fiscal year 2021 with service dates occurring after the service providers were no longer enrolled. LDH lacked adequate procedures to ensure claims are only paid for service dates in which the service provider is enrolled.
- For the **fifth consecutive year**, LDH failed to maintain evidence of notification of TPL assignment as required for eligibility in the Medicaid and the CHIP programs. Per federal regulations, Medicaid is the payer of last resort.