



## Report Highlights

# Louisiana Department of Health

Audit Control # 80200065  
Financial Audit Services • April 2021

## Why We Conducted This Audit

We performed certain procedures at the Louisiana Department of Health (LDH) as a part of the Comprehensive Annual 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, 2019, through June 30, 2020.

## What We Found

In fiscal year 2020, six prior-year findings were considered resolved, while eight prior-year findings are repeated in this report. Current-year findings are as follows:

- LDH lacked adequate internal control over eligibility determinations in the Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) during fiscal year 2020. In a sample of 60 recipients determined eligible during fiscal year 2020, deficiencies were found in case record documentation for six recipients (10%).
- *For the third 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 Louisiana Medicaid managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medicaid and CHIP state plan.
- *For the third consecutive year*, the 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 providers. Proper enrollment and revalidation, including screening based on categorical risk and monthly checks of required databases, would enable the state to identify ineligible providers that should be rejected or excluded from the program.
- LDH did not have adequate controls to ensure compliance with federal requirements over consideration of lottery winnings in MAGI-based eligibility determinations for the Medicaid program. Auditors identified 38 recipients each with Louisiana lottery prizes over \$80,000 claimed from February 2018 through March 2020 for which LDH did not count lottery winnings as income as required by federal regulation.
- *For the second consecutive year*, LDH, the Managed Care Organizations, and Magellan Health Services did not have adequate controls in place to ensure that behavioral health services in Medicaid and CHIP programs were properly billed and that improper encounters were denied. For fiscal year 2020, auditors identified approximately \$10.5 million in encounters for services between July 1, 2019, and June 30, 2020, that were paid by the MCOs and Magellan even though encounters did not comply with the LDH coding requirements and fee schedule.

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## What We Found (Cont.)

- *For the second consecutive year*, LDH had weaknesses in controls over the Medicaid and CHIP eligibility and enrollment system, LaMEDS.
- LDH paid \$287,617 in fiscal years 2016 through 2020 for claims with service dates occurring after the service providers were no longer enrolled.
- LDH, Office of Public Health (OPH) did not have adequate controls in place to monitor subrecipients of the HIV Prevention Activities Health Department Based program. OPH did not evaluate any subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the award, and could not provide documentation of site visits for the subrecipients related to the individually important contracts.
- LDH OPH lacked internal controls to ensure compliance with regulations over the HIV Prevention Activities Health Department Based program related to the activities allowed or unallowed, allowable costs/cost principles, and period of performance compliance requirements. In a sample of 49 payments made to subrecipients and vendors, auditors noted 21 (43%) payments with exceptions including payments that were not approved by an appropriate supervisor and insufficient information to determine accurate account coding.
- *For the ninth consecutive year*, LDH paid Medicaid Home and Community Based Services claims for the New Opportunities Waiver, Residential Options Waiver, and Community Choices Waiver for waiver services that were not documented in accordance with provider manuals.
- LDH OPH did not ensure payroll expenditures were timely approved for the Public Health Emergency Preparedness program, the HIV Prevention Activities Health Department Based program, and the Coronavirus Relief Fund program. In addition, expenditures were not adequately supported for the HIV Prevention Activities Health Department Based program, which resulted in noncompliance.
- *For the fourth consecutive year*, LDH failed to maintain evidence of notification of third-party liability assignment as required for eligibility in the Medicaid and CHIP programs. In response to the fiscal year 2019 finding, LDH planned to include the notification in Decision Letters for all approvals and renewals which each recipient would receive at least annually. However, LDH did not implement any corrective action in fiscal year 2020.
- *For the second consecutive year*, LDH failed to implement controls to ensure compliance with revised third-party liability requirements for prenatal and pregnancy related services. During fiscal year 2020, LDH did not update the managed care contracts to require compliance with the revised regulation effective in February 2018 and did not monitor plan compliance with the revised regulation.
- *For the second consecutive year*, LDH did not have adequate controls to ensure compliance with federal regulations prohibiting the use of federal funding for abortion claims.