



# Report Highlights

## Louisiana Department of Health

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### 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, 2021, through June 30, 2022.

### What We Found

In state fiscal year 2022, LDH resolved nine of 18 findings reported in the prior year, with nine findings repeated in this report. In total, 12 findings were reported as follows:

- For the **fifth 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 accuracy of provider information obtained from the Medicaid managed care plans and cannot ensure compliance with enrollment requirements defined by law and the Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) state plan.
- For the **fifth 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.
- For the **second consecutive year**, 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). In addition, LDH also submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards (SEFA).
- For the **third consecutive year**, LDH lacked adequate internal controls over eligibility determinations in the Medicaid and CHIP programs for the state fiscal year ending June 30, 2022.

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# Louisiana Department of Health

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## What We Found (Cont.)

- LDH's control over compliance with federal regulations regarding the refunding of provider overpayments to the Centers for Medicare & Medicaid Services (CMS) was not operating effectively for all quarters for the fiscal year ending June 30, 2022. In addition, in a sample of 60 provider overpayments we were unable to obtain sufficient appropriate audit evidence to determine if the federal portion of provider overpayment collections were returned to CMS in the appropriate quarter, as LDH did not provide proper supporting documentation.
- LDH did not have adequate controls in place to ensure that the Magellan Medicaid Administration (Magellan) Service Organization Control (SOC) 1 type 2 report was reviewed in accordance with the Automated Data Processing (ADP) Risk Analysis and System Security Review federal requirements for the year ending June 30, 2022. Proper review of the required SOC report is critical to ensuring the controls utilized by Magellan are adequate and operating effectively.
- LDH, Office of Public Health did not ensure payroll expenditures were timely certified and approved for the WIC Special Supplemental Nutrition Program for Women, Infants, and Children (AL 10.557), the Public Health Emergency Preparedness program (AL 93.069), the Epidemiology and Laboratory Capacity for Infectious Diseases program (AL 93.323), and the HIV Prevention Activities Health Department Based program (AL 93.940). This is the **third consecutive year** payroll internal control deficiencies have been reported for AL 93.069 and AL 93.940, and the **second consecutive year** for AL 10.557 and AL 93.323.
- LDH did not follow established payroll policies and procedures for the certification and approval of time sheets, as well as, for the approval of leave requests.
- For the **second consecutive year**, 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.
- For the **second consecutive year**, LDH did not have adequate controls in place to monitor its contract with 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 **fourth 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.
- For the **fourth consecutive year**, LDH did not have adequate controls to ensure compliance with federal regulations prohibiting the use of federal funding for abortion claims.