

Health Care Authority

Agency 107

Audit Report	Finding Number	Finding and Corrective Action Status	
1034932	2023-073	<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 partially concurs with the finding.</p> <p>Audited financial reports: The Authority agrees it allowed Managed Care Organizations (MCO) to submit annual audited financial reports in accordance with Statutory Accounting Principles to be consistent with the standards used by the Washington State Office of the Insurance Commissioner. The Authority amended contract language to require MCOs to submit audited financial reports prepared in accordance with Generally Accepted Accounting Principles and Generally Accepted Auditing Standards, in order to comply with federal requirements.</p> <p>The Managed Care Oversight Audit Plan details the scheduled audits and prioritizes the various required audits. Going forward, the audit plan will list more specific information regarding the requirements and these changes will be added to the strategic plan.</p> <p>Periodic audits: The Authority implemented internal controls to ensure periodic audits are completed at least once every three years and is monitoring the progress of the audits by utilizing project timelines, Gantt Charts, and weekly huddle meetings.</p> <p>The conditions noted in this finding were previously reported in findings 2022-054 and 2021-048.</p> <p>July 2024, subject to audit follow-up</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 42724 Olympia, WA 98504-2691 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

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1034932	2023-074	<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 does not concur that four providers did not receive a proper license check, nor that the backdated provider was noncompliant with regulations prior to receiving a National Provider Identifier (NPI). When a provider’s license expires, the Authority enters an end date for the provider taxonomy to prevent future payments. The Authority does not pay claims without an NPI and this is compliant with federal requirements.</p> <p>Corrective action has been in process to address revalidation issues. As of January 1, 2024, the Authority implemented a system change moving the revalidation date to 90 days before the end of the five-year period.</p> <p>The Authority is developing additional procedures to strengthen internal controls over provider enrollment.</p> <p>The conditions noted in this finding were previously reported in findings 2022-055, 2021-047, 2020-046, 2019-048, 2018-042 and 2017-033. 2016-035 was considered resolved by the auditors in fiscal year 2017.</p> <p>Corrective action is expected to be complete by January 2025</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist PO Box 42724 Olympia, WA 98504-2691 (360) 725-5110 william.sogge@hca.wa.gov</p>

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1034932	2023-075	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The Health Care Authority improperly charged \$3,491 to the Medicaid program.</p> <p>The Authority partially concurs with the finding. The condition identified by the auditors was the result of federal requirements in place during the COVID-19 public health emergency. The condition will be addressed by existing procedures during the unwinding process.</p> <p>No corrective action is necessary.</p> <p>In accordance with 42 U.S.C. § 1396b(u), questioned costs will not be repaid as they do not exceed the allowable error rate of three percent of total expenditures verified by the Center for Medicare and Medicaid Services Payment Error Rate Measurement process.</p> <p>Not applicable</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist PO Box 42724 Olympia, WA 98504-2691 (360) 725-5110 william.sogge@hca.wa.gov</p>

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1034932	2023-081	<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 Health Care Authority does not concur with the audit finding.</p> <p>The Authority does not audit inpatient hospital cost reports because it is not a federal requirement. The Authority has updated the Washington Administrative Code and its State Plan to align with federal regulations.</p> <p>The Authority does not concur with the auditor’s assertion that it does not audit hospital and financial and statistical records. The Authority contracts for audits of Disproportionate Share Hospitals which includes roughly half of the hospitals in Washington. These audits include other financial and statistical records and meet this requirement. The auditor was provided information regarding these audits. The Authority also conducts audits of claims and billings as part of inpatient hospital audits. The Authority considers these financial and statistical records, and the Centers for Medicare & Medicaid Services defers to states on how these are defined. All inpatient hospitals are evaluated for risk and an audit sample of hospitals is judgmentally selected.</p> <p>The Authority does not concur with the auditor’s conclusion that it does not audit hospital billings or have methodology, policies, or procedures related to these audits. The Authority conducts utilization review and payment integrity audits of inpatient hospitals on an ongoing basis, which includes verification of billed charges. This information is well-documented and was provided to the auditor during the audit.</p> <p>The Authority will continue to formally document its internal controls over this compliance area.</p> <p>The conditions noted in this finding were previously reported in findings 2022-060, 2021-051, and 2020-049.</p> <p>November 2024, subject to audit follow-up</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 42724 Olympia, WA 98504-2691 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

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1034932	2023-082	<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 performed procedures to safeguard against unnecessary utilization of care and services for the Medicaid program.</p> <p>The Authority does not concur with the auditor’s conclusion that it needs to update the state plan to include all methods and procedures used to safeguard against unnecessary utilization of care and services. The Authority has received written guidance from the Centers for Medicare & Medicaid Services (CMS) that it does not need to individually list the methods and procedures but rather complete the template document in the state plan and select from a list of applicable methods. CMS approved this portion of the state plan effective July 1, 2023.</p> <p>The Authority has adequate internal controls to ensure compliance with utilization control requirements and partially concurs with the auditor’s recommendation related to implementing and monitoring a statewide surveillance and utilization control program. The Authority recently updated the Fraud and Detection System (FADS) and is in the process of updating policies and procedures related to FADS operation and the statewide surveillance and utilization control program. The FADS system triggers alerts and judgmental sampling is used by staff to assess risk and determine follow-up procedures. The system is in its early implementation phase and the Authority is still in the process of establishing written criteria.</p> <p>The conditions noted in this finding were previously reported in findings 2022-061, 2021-050, 2020-047, 2020-048, 2019-052, 2019-053, and 2018-047.</p> <p>Corrective action is expected to be complete by June 2025</p> <p>Kari Summerour, CPA External Audit Compliance Manager PO Box 42724 Olympia, WA 98504-2691 (360) 725-9586 Kari.Summerour@hca.wa.gov</p>

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1034932	2023-084	<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 to providers for the Block Grants for Prevention and Treatment of Substance Abuse program were allowable and met period of performance requirements.</p> <p>The Authority does not concur with the finding.</p> <p>The Authority maintains that its internal controls are effective, and procedures are compliant with grant requirements. No corrective action will be implemented.</p> <p>The costs questioned by the auditor do not reflect funds that have been paid or drawn from the grantor. As a result, there are no funds to return to the grantor.</p> <p>The conditions noted in this finding were previously reported in findings 2022-067, 2021-057, and 2020-059.</p> <p>Not applicable</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist PO Box 42724 Olympia, WA 98504-2691 (360) 725-5110 william.sogge@hca.wa.gov</p>

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1034932	2023-086	<p>Finding:</p> <p>Corrective Action:</p> <p>Completion Date:</p> <p>Agency Contact:</p>	<p>The 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 Prevention and Treatment of Substance Abuse.</p> <p>The Authority concurs with the finding.</p> <p>The Authority implemented the following to comply with the reporting requirements:</p> <ul style="list-style-type: none"> • Office of Contracts and Procurement includes a Federal Funding Accountability and Transparency Act (FFATA) form as the last attachment in all subawards and ensures it is complete prior to forwarding it to Grants Accounting. • Grants Accounting staff were trained on an interim process to routinely monitor FFATA contracts forwarded by the Office of Contracts and Procurement and enter agency information into the FFATA Subaward Reporting System. • Established a validation process to ensure executed subawards are identified for reporting and completed reports are reviewed. • Formalized internal processes into procedures and will continue to provide training to staff involved in the process. <p>The conditions noted in this finding were previously reported in findings 2022-069 and 2021-058.</p> <p>July 2024, subject to audit follow-up</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist PO Box 42724 Olympia, WA 98504-2691 (360) 725-5110 william.sogge@hca.wa.gov</p>

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1034932	2023-087	<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 single audits, and that it appropriately followed up on findings and issued management decisions.</p> <p>The Authority partially concurs with the finding.</p> <p>Effective July 2023, the Authority transitioned the subrecipient monitoring single audit tracking process to a new unit. The Authority will:</p> <ul style="list-style-type: none"> • Implement and formalize new procedures to ensure subrecipients receive required single audits. • Follow up on findings and issue timely management decisions. <p>The conditions noted in this finding were previously reported in finding 2022-066.</p> <p>June 2024, subject to audit follow-up</p> <p>William Sogge, CPA, CIA External Audit Compliance Specialist PO Box 42724 Olympia, WA 98504-2691 (360) 725-5110 william.sogge@hca.wa.gov</p>