STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2024-030
October 2023

AGENCY FOR HEALTH CARE ADMINISTRATION

Medicaid Managed Care Contract Monitoring Follow-Up and Oversight of Health Plan Complaint and Grievance Handling

Sherrill F. Norman, CPA
Auditor General

Secretary of the Agency for Health Care Administration

The Agency for Health Care Administration is established by Section 20.42, Florida Statutes. The head of the Agency for Health Care Administration is the Secretary who is appointed by the Governor and subject to confirmation by the Senate. During the period of our audit, the following individuals served as Secretary:

Jason Weida, Interim	From January 1, 2023
Simone Marstiller	Through December 30, 2022

The team leader was Susan C. Phelan, CPA, and the audit was supervised by Samantha Perry, CPA.

Please address inquiries regarding this report to Samantha Perry, CPA, Audit Manager, by e-mail at samanthaperry@aud.state.fl.us or by telephone at (850) 412-2762.

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AGENCY FOR HEALTH CARE ADMINISTRATION

Medicaid Managed Care Contract Monitoring Follow-Up and Oversight of Health Plan Complaint and Grievance Handling

SUMMARY

This operational audit of the Agency for Health Care Administration (Agency) focused on Medicaid Managed Care contract monitoring follow-up and the oversight of health plan complaint and grievance handling. The audit also included a follow-up on Finding 2 noted in our report No. 2018-002 and applicable findings noted in our report No. 2021-198. Our audit disclosed the following:

Finding 1: Agency controls over Medicaid Managed Care health plan complaint, grievance, and appeal data reports and the preparation of compliance action forms need improvement.

BACKGROUND

State law[1] designates the Agency for Health Care Administration (Agency) as the chief health policy and planning entity for the State, responsible for administering the State's $36.4 billion Medicaid program that served approximately 5.4 million Floridians during the 2022-23 fiscal year. Agency responsibilities also include licensing, inspecting, and regulating health care facilities, and investigating consumer complaints related to health care facilities and managed care plans.

The State provides Medicaid services through the Statewide Medicaid Managed Care (SMMC) program and a fee-for-service delivery system. For SMMC program services, the Agency contracts with health plans to offer managed medical assistance, long-term care, dental care, and specialty care. As of November 2022, the Agency had contracts with nine SMMC health plans, five specialty plans, and three dental plans.

FINDING AND RECOMMENDATION

Finding 1: Enrollee Complaint, Grievance, and Appeal Reports

The Agency uses a decentralized contract monitoring approach whereby Agency functional unit subject matter experts review specified contract requirements and report potential noncompliance noted during monitoring to the applicable contract manager using a Request for SMMC Compliance Action form (Compliance Action form). Agency management and the contract manager are to review each Compliance Action form and determine whether the health plan is in compliance with contract requirements and, if not, whether the health plan should be assessed sanctions or liquidated damages.

The Agency obtains from each contracted health plan monthly Enrollee Complaint, Grievance, and Appeal (ECGA) reports that are to include all complaints, grievances, and appeals submitted directly to

[1] Section 20.42(3), Florida Statutes.

the health plan during the reporting month. According to Agency policies and procedures,[2] each month the health plans' ECGA reports were to be summarized in an ECGA Data Summary Report. Agency policies and procedures specified that, quarterly, the ECGA Data Summary Reports and the health plans' ECGA reports were to be submitted to the Compliance Coordination Unit (CCU) Supervisor for quality review. If noncompliance with contract requirements regarding the handling of complaints, grievances, and appeals was noted, a Compliance Action form was to be prepared and submitted to the appropriate contract manager to determine the appropriate action, such as the assessment of liquidated damages or a sanction.

We examined 25 ECGA reports submitted by 13 health plans during the period July 2021 through January 2023, and the corresponding ECGA Data Summary Reports and Compliance Action forms, to determine whether the Agency had appropriately completed and reviewed the ECGA Data Summary Reports and Compliance Action forms. Our examination found that Agency records did not evidence CCU Supervisor quality review for any of the 21 ECGA Data Summary Reports associated with the 25 ECGA reports selected for audit. According to Agency management, Agency policies and procedures did not require CCU Supervisors to document the review or approval of the ECGA Data Summary Reports and considered CCU Supervisor approval to be at the time the Compliance Action form was prepared.

Additionally, 15 of the 21 ECGA Data Summary Reports examined as part of our audit included noncompliance issues that required a Compliance Action form to be prepared. Our review of the 15 ECGA Data Summary Reports and related Compliance Action forms disclosed that the Agency:

- Incorrectly summarized the count of one noncompliance issue in 2 of the ECGA Data Summary Reports. In response to our audit inquiry, Agency management indicated that the incorrect summary of noncompliance issues was due to typos.
- Did not include 557 noncompliance issues noted in 3 ECGA Data Summary Reports in the related Compliance Action form. According to Agency management, the noncompliance issues were not reported in the Compliance Action form because they were verbally directed by more senior management to only report notices of adverse benefit determination and inaccurate and incomplete reporting issues.
- Did not prepare a Compliance Action form for an ECGA Data Summary Report with noncompliance issues noted. In response to our audit inquiry, Agency management indicated that, because there were minimal findings and the health plan did not have a history of noncompliance in the identified areas, the findings were provided to the plan as technical assistance rather than a Compliance Action form.

Absent evidence of supervisory review of the ECGA Data Summary Reports, the risk is increased that identified noncompliance may not be properly considered in the preparation of Compliance Action forms. Additionally, preparing Compliance Action forms for all noncompliance issues noted would ensure that the appropriate Agency contract manager was informed of all health plan noncompliance and would better inform Agency management of the compliance action that may be necessary against the health plan, including the possible assessment of liquidated damages or a sanction.

Recommendation: We recommend that Agency management enhance policies and procedures to require that Agency records evidence supervisory review of ECGA Data Summary Reports and

[2] Enrollee Complaint, Grievance, and Appeal Reports desk guide, dated November 2020 and October 2022.

take steps to ensure that Compliance Action forms are prepared for all noncompliance issues noted in accordance with Agency policies and procedures.

PRIOR AUDIT FOLLOW-UP

The Agency had taken corrective actions for Finding 2 included in our report No. 2018-002 and Findings 1 and 5 through 8 included in our report No. 2021-198.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from February 2023 through July 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Agency for Health Care Administration (Agency) focused on Medicaid Managed Care contract monitoring follow-up and the oversight of health plan complaint and grievance handling. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Determine whether management had corrected, or was in the process of correcting, Finding 2 disclosed in our report No. 2018-002.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

Our audit also included steps to determine whether management had corrected, or was in the process of correcting, all applicable deficiencies noted in our report No 2021-198 (Findings 1 and 5 through 8).

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of

management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Reviewed applicable laws, rules, Agency policies and procedures, and other guidelines, and interviewed Agency personnel to obtain an understanding of Medicaid Managed Care contract monitoring follow-up and oversight of health plan complaint and grievance handling processes and responsibilities.
- Inquired of Agency personnel regarding whether the Agency made any expenditures or entered into any contracts under the authority granted by an applicable state of emergency during the period July 2021 through January 2023. Analyzed the reasonableness of the $30,746 in expenditures made in response to the one declared state of emergency impacting the Agency.
- Obtained an understanding of selected Agency information technology (IT) controls for the Health Track Web (HT Web) system, assessed the risks related to those controls, evaluated whether selected general IT controls were in place, and tested the effectiveness of the selected controls.
- From the population of 41,768 Medicaid enrollee complaints received and resolved by the Agency during the period July 2021 through January 2023, examined Agency records for 50 selected complaints to determine whether the complaints were timely resolved and whether Agency records adequately evidenced resolution of the complaints.
- From the population of 247 monthly Enrollee Complaint, Grievance, and Appeal (ECGA) reports submitted by the contracted health plans to the Agency during the period July 2021 through January 2023, examined the 21 ECGA Data Summary Reports and the 15 Compliance Action forms associated with the 25 selected ECGA reports to determine whether the Agency appropriately completed and reviewed the ECGA Data Summary Reports and Compliance Action forms and followed up with the health plans related to identified deficiencies.
- From the population of 40 Request for Statewide Medicaid Managed Care (SMMC) Compliance Action forms prepared by the Agency during the period July 2021 through January 2023, examined Agency records for 15 selected Request for SMMC Compliance Action forms to

determine whether the Request for SMMC Compliance Action forms were properly approved and whether the Agency appropriately followed up on noted deficiencies with the health plans.

- Evaluated Agency actions to correct Findings 1 and 5 through 8 noted in our report No. 2021-198. Specifically, we:
  - Obtained Agency reconciliations for the MediKids program for the quarters ended September 2021, December 2021, March 2022, June 2022, September 2022, and December 2022 and analyzed the reconciliation data to determine whether amounts collected from full-pay families were sufficient to pay the entire premium cost for children enrolled in the full-pay portion of the MediKids program.
  - Inquired of Agency management regarding mobile device security control procedures, reviewed the Agency's mobile device policy, and examined documentation of established security protocols to determine whether Agency security controls related to employee use of mobile devices ensured the confidentiality, integrity, and availability of Agency data and related IT controls.
  - Reviewed Agency property policies and procedures to determine whether the policies and procedures addressed the timeliness of completing the Agency's property inventory, the completeness of the property records, and the timely and accurate reporting of property purchases in the property records.
  - From the population of 66 Agency organizational units with 2021-22 fiscal year property inventories, selected 7 Agency organizational units and reviewed applicable records to determine for the selected units whether a complete physical inventory of all property was taken during the 2021-22 fiscal year, the inventory was completed within 90 days from when the list of tangible personal property items with property tag numbers was provided to the organizational unit, and the inventory results were reconciled to the property records.
  - Analyzed Agency property records as of January 31, 2023, to determine whether Agency property records were complete in accordance with Department of Financial Services Rules, Chapter 69I, Florida Administrative Code. As of January 31, 2023, the Agency was responsible for 2,004 property items with acquisition costs totaling $4.9 million.
  - From the population of 17 property items purchased by the Agency during the period July 2021 through January 2023, with acquisition costs each exceeding $5,000 and totaling $853,152, examined Agency records for 6 selected property items with acquisition costs totaling $220,472 to determine whether the Agency timely recorded the acquisitions in the property records and appropriately calculated the acquisition costs.
- Evaluated Agency actions to correct Finding 2 noted in our report No. 2018-002. Specifically, from the population of 40 Request for SMMC Compliance Action forms prepared by the Agency during the period July 2021 through January 2023, examined 7 selected Request for SMMC Compliance Action forms that recommended the assessment of liquidated damages to determine whether liquidated damages were appropriately imposed against the health plans and whether the related payments were properly recorded in Agency accounting records.
- Reviewed applicable laws, rules, and other State guidelines to obtain an understanding of the legal framework governing Agency operations.
- Observed, documented, and evaluated the effectiveness of selected Agency processes and procedures for the administration of the requirements of the Florida Single Audit Act. During the period July 2021 through January 2023, the Agency expended $3,092,532 for four State Financial Assistance programs.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.

- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading ***MANAGEMENT'S RESPONSE***.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

Sherrill F. Norman, CPA
Auditor General

RON DESANTIS
GOVERNOR

JASON WEIDA
SECRETARY

October 4, 2023

Ms. Sherrill F. Norman
Auditor General
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Ms. Norman:

Thank you for the opportunity to respond to the preliminary and tentative finding and recommendation resulting from your operational audit of the Agency for Health Care Administration, Medicaid Managed Care Contract Monitoring Follow-Up and Oversight of Health Plan Complaint and Grievance Handling. In accordance with your request, we have emailed you the preliminary and tentative audit finding document with our response incorporated therein.

If you have any questions regarding our response, please contact Karen Preacher, Audit Director, at (850) 412-3968.

Sincerely,

Jason Weida
Secretary

JW/sgb
Enclosure

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Agency for Health Care Administration
Auditor General Operational Audit 2023
Medicaid Managed Care Contract Monitoring
Follow-Up and Oversight of Health Plan
Complaint and Grievance Handling

Finding 1: Enrollee Complaint, Grievance, and Appeal Reports
Agency controls over Medicaid Managed Care health plan complaint, grievance, and appeal data reports and the preparation of compliance action forms need improvement.

Recommendation:
We recommend that Agency management enhance policies and procedures to require that Agency records evidence supervisory review of ECGA Data Summary Reports and take steps to ensure that Compliance Action forms are prepared for all noncompliance issues noted in accordance with Agency policies and procedures.

Agency Response:
ECGA Data Summary Report:
The ECGA Data Summary Reports are reviewed by the supervisor as part of the review process of ECGA reports. The Agency will add a step to the process that will result in the supervisor adding an electronic signature and the date of approval to the Cover Sheet tab in the Data Summary Report confirming review and approval.

Escalation of all Non-Compliance Issues:
The audit that took place was for a time period in the past. The direction previously provided by Agency leadership has not been in effect since Q3 2021. All compliance issues have been documented and escalated beginning with Q4 2021.

Anticipated Completion Date: *N/A*
ECGA Data Summary Report :
Documentation of the Compliance Coordination Unit Supervisor's review and approval of the ECGA Data Summary Sheet will begin with the review of Q3 2023 reports.

Escalation of all Non-Compliance Issues: *N/A*

Agency Contact
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