

LOUISIANA DEPARTMENT OF HEALTH

STATE OF LOUISIANA

FINANCIAL AUDIT SERVICES

Management Letter
Issued April 9, 2025

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Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Louisiana Department of Health

April 2025

Audit Control # 80240042

Introduction

As a part of our audit of the State of Louisiana's Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2024, we performed procedures at the Louisiana Department of Health (LDH) to provide assurances on financial information that is significant to the state's Annual Comprehensive Financial Report; evaluate the effectiveness of LDH's internal controls over financial reporting and compliance; and determine whether LDH complied with applicable laws and regulations.

In addition to the procedures noted above, we also performed certain other procedures for the period July 1, 2022, through June 30, 2024.

We also determined whether management has taken actions to correct the findings reported in the prior year.

Results of Our Procedures

Follow-up on Prior-year Findings

Our auditors reviewed the status of the prior-year findings reported in the LDH management letter dated March 13, 2024. We determined that management has resolved the prior-year finding related to Inadequate Controls over and Noncompliance with National Correct Coding Initiative Requirements.

The prior-year findings related to Noncompliance with Managed Care Provider Enrollment and Screening Requirement, Inadequate Controls over Annual Financial Reporting, Weaknesses in Controls over Payroll, Inadequate Controls over Payroll – Office of Public Health, Inadequate Controls over Reporting and Other Federal Compliance Requirements for the Medicaid and Children's Health Insurance Programs, Noncompliance with and Inadequate Controls over Maternity Kick Payments, Inadequate Internal Controls over Eligibility Determinations, Inadequate Controls over Waiver and Support Coordination Service Providers, Weakness in Controls over and Noncompliance with Provider Overpayments, and Inadequate Controls over Billing for Behavioral Health Services have not been resolved and are addressed again in this letter.

Current-year Findings

Noncompliance with Managed Care Provider Enrollment and Screening Requirement

For the seventh consecutive year, LDH did not enroll and screen all Healthy Louisiana managed care providers and dental managed care providers as required by federal regulations. In our review of the 23,170 providers paid during fiscal year 2024, it was determined that 8,209 (35%) of managed care and dental managed care providers were not enrolled and screened in accordance with federal regulations. As a result, LDH cannot ensure the accuracy of provider information obtained from the Louisiana Medical Assistance Program (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.

Federal regulations require that the enrollment process include providing the Medicaid agency with the provider's identifying information including the name, specialty, date of birth, Social Security number, national provider identifier, federal taxpayer identification number, and state license or certification number of the provider. Additionally, the state agency is required to screen enrolled providers, require certain disclosure, provide enhanced oversight of certain providers, and comply with reporting of adverse provider actions and provider terminations. By using the federally required process, managed care providers must participate in the same screening and enrollment process as Medicaid and CHIP fee-for-service (FFS) providers.

In July 2021, LDH launched the enrollment portal created by Gainwell, the state's current provider enrollment vendor. Although the enrollment portal launched in fiscal year 2022 for existing providers as of March of 2022, new providers were not invited to enroll, as this required an amendment to the contract with Gainwell and additional costs. Therefore, not all of the Healthy Louisiana managed care providers and dental managed care providers that received payments in fiscal year 2024 were enrolled and screened.

LDH should ensure all providers are screened and enrolled as required by federal regulations. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 1-2.)

Inadequate Controls over Annual Financial Reporting

For the fourth 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). As a result, LDH submitted an inaccurate Annual Fiscal Report (AFR) for LDH Medical Vendor Payments for the fiscal year ended June 30, 2024, to OSRAP. In addition, LDH submitted inaccurate federal schedules used to prepare the Schedule of Expenditures of Federal Awards (SEFA).

In the AFR for Medical Vendor Payments, the following errors were noted in the Accounts Payable Adjustments note:

- For full accrual, Due to Medical Claims was overstated by \$901,120, Due to Audit Payables was understated by \$30.7 million, and Due to Federal Government was overstated by \$598.6 million.
- For modified accrual, Due to Medical Claims was overstated by \$901,120, Due to Audit Payables was understated by \$30.7 million, and Due to Federal Government was overstated by \$598.6 million.

In the AFR for Medical Vendor Payments, the following errors were noted in the Accounts Receivable Adjustments note:

- For full accrual, Due from Federal Government was understated by \$59.6 million, and Due from Medical Providers was overstated by \$767.8 million.
- For modified accrual, Due from Federal Government was understated by \$59.6 million, and Due from Medical Providers was overstated by \$752.4 million.

In addition, LDH failed to record an advanced payment of \$65.4 million received from the federal government as part of the American Rescue Plan Act of 2021 on the Unearned Revenue Note in the AFR for Medical Vendor Payments.

Finally, the following errors were noted in LDH's SEFA reporting for Medical Vendor Payments and Medical Vendor Administration.

- In the SEFA for Medical Vendor Payments, the following errors were noted:
 - LDH incorrectly applied the COVID enhanced Federal Medical Assistance Percentage (FMAP) rates to all federal Medicaid expenditures through December 31, 2023, rather than applying it only to the non-expansion federal expenditures. This resulted in an understatement of \$75.2 million in Medicaid expenditures and an overstatement of \$75.2 million in Medicaid- COVID expenditures.
 - In addition, due to an error during LDH's reconciliation process, LDH incorrectly calculated the fiscal year 2023 12th month extended amount used to calculate the fiscal year 2024 SEFA expenditure totals. This resulted in a net understatement of \$30.5 million in total SEFA expenditures.
- In the SEFA for Medical Vendor Administration, the following errors were noted:

- LDH did not record all expenditures related to COVID-19 funding as a separate line item as instructed by OSRAP. This resulted in an overstatement of \$9.9 million in Medicaid expenditures and an understatement of \$9.9 million in Medicaid - COVID expenditures.
- In addition, due to an error during LDH's reconciliation process, LDH incorrectly calculated the fiscal year 2023 12th month extended amount used to calculate the fiscal year 2024 SEFA expenditure totals. This resulted in a net understatement of \$46.3 million in total SEFA expenditures.

Good internal control over financial reporting should include adequate procedures and oversight to identify, calculate, and compile financial data needed to prepare accurate and complete financial reports that are presented in accordance with instructions provided by OSRAP and federal requirements. LDH's review and reconciliation process over annual financial reporting did not identify errors in amounts reported or ensure compliance with OSRAP instructions.

LDH management should strengthen its internal control over the financial reporting process to ensure accuracy of amounts provided to fiscal by program sections. In addition, management should perform a thorough review that will identify preparation errors and correct those errors before submission of reports to OSRAP for inclusion in the state's Annual Comprehensive Financial Report and the state's Single Audit Report. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 3-4.)

Weaknesses in Controls Over Payroll

For the third consecutive year, 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.

LDH utilizes electronic time sheets and leave requests in the Cross-Application Time Sheet (CATS) system. In our review of payroll system reports for LDH for the period July 1, 2023, through June 30, 2024, we noted the following:

- 29,370 (20%) of 144,756 time sheets were either not certified or not reissued after being declined by the employee prior to payroll processing.
- 8,089 (6%) of 144,756 time sheets were certified between one and 356 days after the payroll posting date.
- 29,082 (20%) of 144,756 time sheets were either not approved, not reissued for approval after being rejected by the supervisor, or deferred to another supervisor who did not approve the time sheet prior to payroll processing.

- 17,128 (12%) of 144,756 time sheets were approved by the employees' supervisor between one and 356 days after the payroll posting date.
- 5,422 (3%) of 198,715 leave requests were automatically approved by the system. This occurs when leave has been requested for the pay period, but the employee's supervisor did not take timely action to approve/reject the leave request before the end of the pay period. All open leave requests in the system will be automatically approved on the last day of the applicable pay period in order for the employee to receive payment.

LDH policy, as well as the payroll and e-certification timelines, require time sheet approvers to ensure entries are submitted and certified by employees by Wednesday following the close of the pay period. Approvers are also responsible for reviewing time sheets for accuracy and approving or rejecting the time sheets by the Wednesday following the close of the pay period. LDH policy also requires supervisors to take appropriate action for all leave requests prior to the end of the applicable pay period.

LDH employees did not adhere to the established payroll policies and procedures over payroll to certify and approve time sheets in a timely manner or properly approve leave requests. As a result, there is an increased risk that errors and/or fraud could occur and not be detected in a timely manner.

Management should ensure employees comply with existing policies and procedures, including properly certifying and approving time sheets and leave requests in a timely manner. Management concurred with the statistics represented in the finding and the LLA recommendation, and provided a corrective action plan. (See Appendix A, pages 5-8.)

Additional comments: Management's response stated that while they are in agreement that this finding requires attention and rectification by the department, it does bear noting that the degree to which LDH is in non-compliance would potentially decrease if the 24-hour facilities were contemplated in the data. However, the 24-hour facilities were contemplated in the data as the Division of Administration (DOA) Electronic Certification of Employee Time Statement policy that states all DOA employees (which include LDH, a section of DOA), regardless of their work status on payroll Monday, are required each pay period to utilize the eCertification process to review and process time statements in accordance with this procedure. Failure to adhere to these requirements will not be excused because the employee was on authorized leave, on leave without pay, or otherwise not on duty on payroll Monday. In addition, the DOA policy states that requests for exceptions to the requirements of this policy shall be documented, justified and submitted for consideration. LDH did not provide any exception approvals that would allow them to deviate from the DOA policy regarding electronic certifications and approvals.

Furthermore, in the response provided by management they stated that the finding is based on a random sample. Our procedures were performed on all LDH timesheets

from July 1, 2023, through June 30, 2024. Sampling was not utilized in our procedures related to this finding.

Noncompliance with Medicaid Federal Matching and Reporting Requirements Related to a Means of Financing Reallocation

LDH did not have evidence that the state share of Medicaid expenditures associated with \$248,367,729 of federal expenditures reported on the June 30, 2024 Centers for Medicare and Medicaid Services (CMS)-64 quarterly federal expenditure report were expended using state funds as of the date of the report.

The state is required to pay part of the costs of providing Medicaid services and part of the costs of administering the program. The percentage of federal funding is determined based on the amount of the expenditures and the application of the FMAP that is determined for each state using a formula outlined in section 1905(b) of the Act (42 USC 1396d). Federal regulations state that the basic criteria for acceptable matching include that the funds are verifiable from the non-federal entity's records, are not included as contributions for any other federal award, and are not paid by the Federal Government under another Federal Award.

LDH reallocated the means of financing for Medicaid expenditures totaling \$118,660,095 from being funded by state funds to federal carryforward funds as of June 30, 2024. As a result, the expenditures were no longer considered eligible state match expenditures, and therefore, the total amount of the Medicaid expenditures (total computable which includes both state and federal shares - \$367,027,824) associated with the \$118,660,095 should have been excluded from the June 30, 2024 CMS-64 report. However, when LDH prepared the June 30, 2024 CMS-64 report they only removed the \$118,660,095 from the total computable amount. By not removing the full \$367,027,824, LDH reported \$248,367,729 in Medicaid expenditures on the CMS-64 report that they were unable to provide evidence that the state share of expenditures were funded with allowable sources, resulting in federal questioned costs of \$168,070,442.

The CMS-64 quarterly federal expenditure report requires the state to certify that the required amount of state and/or local funds were available and used to match the state's allowable expenditures included in the report, and such state and/or local funds were in accordance with all applicable federal requirements for the non-federal share match of expenditures. The expenditures included in the report must also be based on the state's accounting of actual recorded expenditures. By only removing the initial state share of expenditures from the June 30, 2024 CMS-64 report rather than the entire computable amount, the certifications attested to by LDH in the report upon submission to CMS were no longer accurate.

LDH management should strengthen controls over preparation and review of the quarterly CMS-64 reports to ensure expenditures are accurately reported and that the required amount of state and/or local funds are available and used to match the state's allowable expenditures. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 9-10.)

Inadequate Controls over and Noncompliance with Matching and Reporting Requirements Related to the Cost Share Process

LDH did not have adequate controls in place to ensure the FMAP was appropriately updated in the cost share tables within LaGov for two out of four quarters in fiscal year ending June 30, 2024, for the Medicaid program. For quarters ending March 31, 2024 and June 30, 2024, the FMAP used to allocate the state share of expenditures was 1.5% higher than the rates established in the Federal Register causing more expenditures to be allocated to federal funds. This error resulted in federal questioned costs of \$87,591,863.

According to federal matching requirements, the State is required to pay part of the costs of providing Medicaid services and part of the costs of administering the program. The percentage of federal funding is determined based on the amount of the expenditures and application of the FMAP that is determined for each state using a formula outlined in section 1905(b) of the Act (42 USC 1396d).

In addition, the quarterly CMS-64 federal expenditure report also requires the state to certify that the required amount of state and/or local funds were available and used to match the state's allowable expenditures included in the report, and such state and/or local funds were in accordance with all applicable federal requirements for the non-federal share match of expenditures. It also requires the state to certify that the expenditures included in the report are based on the state's accounting of actual recorded expenditures. Since the cost share tables that automatically calculate the federal and state share of expenditures were not properly updated for the period January 1, 2024, through June 30, 2024, LDH was unable to provide evidence that the state match requirement was met for the federal expenditures reported on the March 31, 2024 and June 30, 2024 CMS-64 federal expenditure reports.

LDH management should ensure the cost share tables are appropriately updated for all periods during the fiscal year. In addition, LDH should strengthen controls over preparation and review of the quarterly CMS-64 federal expenditure reports to ensure that the appropriate federal match is applied to qualifying expenditures and the required amount of state and/or local funds are available and used to match the state's allowable expenditures. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 11-12.)

Inadequate Controls over Reporting and Matching Federal Compliance Requirements for the Medicaid and Children's Health Insurance Programs

For the second consecutive year, LDH did not have adequate controls in place to ensure compliance with reporting and matching requirements for the Medicaid and the CHIP programs for all four quarters of fiscal year 2024. The following errors were noted throughout the CMS quarterly federal expenditure reports prepared by LDH:

- For each quarter of fiscal year 2024, quarterly adjustment expenditures were either incorrectly recorded on the CMS quarterly federal expenditure reports and/or within the financial statements.
- For both the March 31, 2024 and June 30, 2024 reports, LDH incorrectly completed the Medicaid Drug Rebate Schedule 64.9R. For the March 31, 2024 report, an invoice amount of \$0 was reported as the rebates invoiced in this quarter rather than the correct amount of \$243,910,667. For the June 30, 2024 report, LDH incorrectly adjusted the schedule 64.9R, resulting in numerous errors and a net understatement of \$220,130,454 in an effort to correct the error from the March 31, 2024 report.
- LDH incorrectly overstated federal fiscal year 2023 Disproportionate State Hospital (DSH) payments by \$820,395 on schedule 64.9 D for the September 30, 2023 report.

Federal regulations require accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with reporting requirements. The Medicaid and CHIP programs require quarterly reporting to CMS detailing expenditures by category of service for which states are entitled to federal reimbursement. The federal expenditures reported in the quarterly reports are used to reconcile the draws of federal funds. In addition, a good system of internal controls require that policies and procedures are established and followed to ensure compliance with federal requirements.

LDH did not have adequate controls in place to ensure the reconciliation of the expenditures recorded in LDH's financial statements to the expenditures reported to CMS. In addition, the quarterly adjustments were not properly reviewed to ensure that adjustments affecting the financial statements were properly recorded. As a result, LDH failed to detect multiple errors between the financial statements and CMS quarterly federal expenditure reports, as well as errors on various schedules in the quarterly reports. Uncorrected errors in the reports increase the risk that Federal funds will be overdrawn or underdrawn and place LDH in noncompliance with Federal regulations.

LDH management should strengthen controls over preparation and review of the quarterly federal expenditure reports and quarterly adjustments to ensure federal expenditures are accurately reported. In addition, LDH management should incorporate a reconciliation of federal expenditures in the financial statements to federal expenditures reported to CMS. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 13-14.)

Inadequate Controls over and Noncompliance with Federal Financial Reporting – Office of Public Health

LDH, Office of Public Health (OPH) did not have adequate controls in place to ensure that federal financial reports were accurate, current, and complete prior to being submitted to the Federal agency for the Public Health Emergency Preparedness

federal program for the June 30, 2024 reporting period. OPH's annual report for the reporting period June 30, 2024, improperly included expenditures totaling \$146,598 from the period July 2024 through September 2024.

Federal regulations state accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements is required. In addition, the U.S. Centers for Disease Control and Prevention guidance indicates that the report must include only those funds authorized and expended during the timeframe of the report. Non-Federal entities receiving federal awards must establish and maintain effective internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal awards.

OPH did not have adequate controls in place to ensure the federal financial report only included expenditures for the period being reported prior to submission to the federal agency. Failure to establish adequate controls over financial reporting could result in inaccurate information being reported.

OPH should design and implement controls to ensure all information contained in the financial reports submitted to Federal agencies is accurate, current, and complete for the reporting period covered under the report. Management did not concur with the finding, stating that the amount in question is immaterial and does not misstate the federal financial report. To address the control weakness, management provided a corrective action plan. (See Appendix A, pages 15-16.)

Noncompliance with Disproportionate Share Hospital Payments

LDH exceeded the federally allocated 2016 DSH funding limit by \$4,225,716, resulting in questioned costs.

LDH makes payments for uncompensated costs to qualifying hospitals that serve a large number of Medicaid and uninsured individuals. These payments are known as DSH payments. Federal regulations and LDH's State Plan Amendment 4.19 limits DSH payments on a state-wide basis to the annual DSH allotment. The allotment is capped and represents the maximum federal matching payments a state is permitted to claim. The allotment does not have to be spent in the specific allotment year but can be applied indefinitely until completely utilized.

The overage occurred due to an inadequate reconciliation between the agency's actual DSH expenditures and the federal allotment. LDH failed to adequately update their tracking spreadsheet to include all 2016 DSH federal allotment payments that had previously been claimed and federally reimbursed. LDH should ensure an adequate review of the tracking spreadsheet to verify that all federal payments are included and to prevent the department from exceeding the federal DSH allotment in the future. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 17-18.)

Noncompliance with and Inadequate Controls over Maternity Kick Payments

For the second consecutive year, LDH did not adhere to established policies and procedures regarding maternity kick payments for fiscal year 2024. Maternity kick payments are one-time payments made by LDH to reimburse the Healthy Louisiana Managed Care Organizations (MCOs) for the costs associated with pre- and post-partum maternal care, as well as the delivery event itself. These payments are paid to the MCO upon submission of satisfactory evidence of the event or treatment, which is referred to as a triggering event.

In our review of all Medicaid maternity kick payments made during the period July 1, 2023, through June 30, 2024, we identified 21 kick payments totaling \$146,584 in federal funds that were paid to the Healthy Louisiana MCOs based on an ineligible triggering event.

In our review of all CHIP maternity kick payments made during the period July 1, 2023, through June 30, 2024, we identified three kick payments totaling \$26,218 in federal funds that were paid to the Healthy Louisiana MCOs based on an ineligible triggering event.

LDH policies, in accordance with federal and state guidance, require an eligible triggering event to occur before a maternity kick payment can be made. As a result, there is an increased risk that maternity kick payments are being paid to Healthy Louisiana MCOs for triggering events that may not have taken place or do not have satisfactory supporting evidence.

LDH should strengthen existing policies and procedures to ensure all maternity kick payments are supported with an eligible triggering event before payment is made to the MCOs. Management did not concur with the finding, stating corrective action is not necessary, as recoveries were identified and processed as part of the regularly-scheduled review process; however, LDH will modify the timing of its final quarterly reviews to ensure that payment/voids in June do not result in a finding. (See Appendix A, pages 19-20.)

Additional Comments: As part of LDH's procedures over maternity kick payments, LDH has an approved set logic in their claims processing system to pay maternity kick payments to MCOs when an eligible triggering event occurs. As LDH noted in their finding response, the errors noted in the finding were due to an error in this logic. While the logic error was discovered in their September 2024 review, adequate internal controls should be in place and operating effectively to ensure the logic is accurate at the time it is applied to transactions. In addition, recovery from the MCO also does not constitute the return of federal funds. While the MCO may have returned the funds to LDH, the funds must then be returned to the federal government on the next quarterly CMS 64 report. LDH did not provide evidence of this return.

Inadequate Internal Controls over Eligibility Determinations

For the fifth consecutive year, LDH lacked adequate internal controls over eligibility determinations in the Medicaid and CHIP programs for the state fiscal year ended June 30, 2024. Federal regulations require that in order to be considered eligible, a beneficiary must meet all eligibility factors and the beneficiary's case record must include facts to support the agency's eligibility decision. Federal regulations also require annual renewal of eligibility. LDH has outlined eligibility criteria and documentation to support determinations and renewals in its Medicaid Eligibility Manual. Proper eligibility determination and redetermination are critical to ensuring appropriate service eligibility, appropriate premium payments, and appropriate federal match rate on expenditures.

From a population of 73,333,570 Medicaid Per-Member-Per-Month (PMPM) and FFS payments totaling \$13.3 billion, a sample of 60 Medicaid payments were selected and the corresponding beneficiary's eligibility was tested to ensure compliance with eligibility federal regulations. Discrepancies related to the beneficiary's case records regarding eligibility determination and redetermination were identified for 19 (31.67%) out of 60 payments tested.

The following errors were noted for Medicaid:

- For four payments, inadequate or incorrect documentation was included in the case record to support the eligibility determination or redetermination.
- For 11 payments, LDH personnel did not accurately perform all required eligibility determinations before renewing the beneficiary.
- For two payments, LDH did not follow policies to discontinue coverage at the end of the COVID-19 public health emergency for beneficiaries whose citizenship status remained unverified at the end of their reasonable opportunity period. These beneficiaries were therefore not validly enrolled during fiscal year 2024.
- For one payment, LDH failed to continue coverage on a beneficiary who had been determined eligible at renewal, causing a one-month lapse in coverage.
- For one payment, LDH personnel failed to verify Louisiana residency for the initial application on a beneficiary who resided out of state. The beneficiary's application listed an out-of-state address in a border city. LDH failed to review the address to verify the exact state of residence, which would have resulted in a denial of coverage. Therefore, the beneficiary was not validly enrolled at initial application in fiscal year 2022.

We noted questioned costs totaling \$28,793 in federal funds in relation to the Medicaid beneficiaries who were invalidly enrolled or whose renewal determination resulted in an erroneous certification of eligibility.

In addition, from a population of 6,646,797 CHIP PMPM and FFS payments totaling \$538 million, a sample of 60 CHIP payments were selected and the corresponding beneficiary's eligibility was tested to ensure compliance with eligibility federal regulations. Discrepancies related to the beneficiary's case records regarding eligibility determination and redetermination were identified for eleven (18.33%) out of 60 payments tested

The following errors were noted for CHIP:

- For two payments, inadequate or incorrect documentation was included in the case record to support the eligibility determination or redetermination.
- For five payments, issues in the Louisiana Medicaid Eligibility Determination System resulted in inadequate documentation within the case record to support the eligibility redetermination for the beneficiary.
- For three payments, LDH personnel did not accurately perform all required eligibility determinations before renewing the beneficiary.
- For one payment, LDH personnel failed to accurately perform all required eligibility determinations before enrolling the beneficiary; therefore, the beneficiary was invalidly enrolled when they initially applied for eligibility in fiscal year 2023.

We noted questioned costs totaling \$6,042 in federal funds in relation to the CHIP beneficiary who was invalidly enrolled.

LDH did not adhere to established control procedures to ensure case records support eligibility decisions, including performance of annual renewals. LDH should ensure its employees follow procedures and federal regulations relating to eligibility determinations and redeterminations in the Medicaid and CHIP programs to ensure the case records support the eligibility decisions. Management partially concurred with the finding, stating they did not concur with one Medicaid and six CHIP errors noted within the finding. For those errors that management concurred with, a corrective action plan was provided. (See Appendix A, pages 21-22.)

Additional Comments: LDH noted in their response they did not concur with the errors noted for the Medicaid and CHIP renewals related to SNAP or express lane eligibility not being properly documented and indicated that system logs were provided. The LaMEDS log tables were considered by the auditor, and no errors in the eligibility determination were reported. The errors noted in the finding relate to a weakness in internal controls, as the system bug noted in the case record produced inadequate documentation. In addition, LDH stated in their response they did not concur with one CHIP finding for inadequate documentation regarding income to

support the renewal determination. The error noted by the auditor did not relate specifically to the missing affidavit, but that sufficient support was not obtained by LDH to support the change in income from the application.

Inadequate Controls over Waiver and Support Coordination Service Providers

For the second consecutive year, LDH paid Medicaid Home and Community Based Services (HCBS) claims for the New Opportunities Waiver (NOW) for waiver services that were not adequately documented. In addition, payments were made for the Residential Options Waiver (ROW) for waiver services that were not adequately documented. LDH also paid claims for support coordination services that were not documented in accordance with established policies. These errors resulted in federally funded questioned costs of \$17,402.

Our testing of NOW and ROW waiver services included 729 claims paid in state fiscal year 2024 totaling \$130,881 paid to two providers for 14 beneficiaries. Auditors used LDH's provider manuals to identify required documentation, which includes billing codes, an approved plan of care (POC), time sheets, or electronic clock in/out and progress notes. Provider manuals are intended to give a provider the information needed to fulfill its vendor agreement with the state of Louisiana, and is the basis for federal and state reviews of the program. Our test identified errors for 501 claims totaling \$16,634 in federal funds, with some claims having multiple errors. The following errors were noted.

- For 383 claims for 13 beneficiaries, the waiver services provider did not provide adequate documentation to support billed services.
- For 121 claims for 9 beneficiaries, the waiver services provider did not provide documentation substantiating the reasons for departures from the approved POC.
- For 50 claims for 3 beneficiaries, the waiver services provider billed the units of service for the claim at a rate that was inconsistent with the allocated billing rate per unit in the POC.
- For 4 claims for 1 beneficiary, the waiver services provider inappropriately billed for services that overlapped with non-waiver institutional services.

The beneficiary's case record is required to include a copy of the approved POC, including any revisions. The POC documents the beneficiary's assessed needs and types and quantity of services to address those needs and costs related to services. Direct service providers provide care to a beneficiary based on the approved POC. Without adequate documentation a provider cannot substantiate and auditors cannot verify that the departures were beneficiary-driven and person-centered, as required. In addition, in accordance with federal regulations, waiver services are not furnished

to individuals who are inpatients of a hospital, nursing facility, or inpatient care facility for individuals with an intellectual disability.

Waiver services are accessed through support coordinators who assist with development and monitoring of the beneficiary's POC. In addition to testing NOW and ROW waiver services, we also tested claims paid for support coordination services for the 14 waiver beneficiaries tested. In our test of 156 claims paid in fiscal year 2024 totaling \$30,544 paid to six support coordination providers for the 14 beneficiaries, the support coordination service provider did not provide adequate documentation to support billed services for six claims for two beneficiaries. The federally-funded portion of these claims totaled \$768.

According to the LDH service coordination provider manual, service logs are the means for clearly documenting services billed and must be reviewed by supervisors.

Federal regulations require states to operate their HCBS programs with certain assurances, including health and welfare, financial accountability, and evaluation of need. To meet these assurances, states must demonstrate that they have systems to effectively monitor the adequacy of service plans, the qualifications of providers, and the health and welfare of beneficiaries. The errors noted in testing occurred because LDH failed to adequately monitor that NOW and ROW waiver and support coordination providers properly maintained adequate records, supporting documentation, and appropriately billed for services. Without adequate supporting documentation there is reduced assurance that billed services were properly billed, were actually performed, beneficiaries are receiving needed services, and limited resources are allocated appropriately.

LDH should ensure all departmental policies and federal regulations for waiver and support coordination services are enforced, including documentation to support claims and evidence that departures from the approved POC meet the needs of the beneficiary. LDH should consider additional provider training regarding documentation requirements. Management partially concurred with the finding, stating they did not concur with three of the errors noted in the determination of inadequate controls. For the error that management concurred with, a corrective action plan was provided. (See Appendix A, pages 23-27.)

Additional Comments: LDH noted in their response they did not concur with three of the errors noted in the determination of inadequate controls over waiver and support coordination providers and have concerns with LLA's overreliance on documentation in determining control adequacy. According to CFR 200.303(a) the recipient must establish, document, and maintain effective internal control over Federal awards that provides reasonable assurance that the recipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. As part of obtaining reasonable assurance that the system of internal control is operating effectively and implemented, documentation supporting these controls is necessary for the auditor to make these determinations. All control mechanisms that were in place, documented, and provided to the auditor were considered.

In addition, LDH noted that there was no error in the departures from the approved POC, nor were there errors associated with the claims that were reported as having been billed at the incorrect rate. As stated in the finding, documentation could not be provided to substantiate the reason for the departure from the approved POC for either the number of units or the allocated billing rate per unit.

Finally, LDH noted that while claims were paid for waiver services that overlapped with non-waiver institutional services, there was no error, as LDH's established controls identified and addressed the overlap in billing. The exceptions noted for these claims were a result of LDH not providing sufficient supporting documentation to the auditor showing the recoupment of the payments for the overlapping shifts.

Weakness in Controls over and Noncompliance with Provider Overpayments

For the second consecutive year, LDH did not have adequate controls in place to correctly identify the date of discovery for provider overpayments. From a population of 77,634 transactions totaling \$147.1 million, a sample of 59 provider overpayments was selected and tested to determine if LDH complied with the federal regulations regarding the refunding of the federal share of provider overpayments. For one (1.69%) out of 59 provider overpayments selected for testing, there was no supporting documentation available to identify the date of discovery. Therefore, the auditor was unable to ensure the federal share of the overpayment was returned timely.

In addition, LDH did not provide evidence that an adequate review was performed for three out of the four (75%) quarterly CMS-64 Line 9 reconciliations. These reviews ensure provider overpayments are reported timely and on the correct line of the CMS-64 federal expenditure quarterly report.

According to federal regulations, the date of discovery is the earliest of the date on which any Medicaid agency official or other State office first notifies a provider in writing of an overpayment, the date on which a provider initially acknowledges a specific overpaid amount in writing to the Medicaid agency, or the date on which any State office or fiscal agent of the State initiates a formal action to recoup a specific overpaid amount from a provider without having first notified the provider in writing. States have up to one year from the date of discovery of the overpayment to recover or attempt to recover the overpayment before the federal share must be refunded to CMS via the CMS federal expenditure quarterly report, regardless of whether recovery is made from the provider. The state must credit the federal share to CMS either in the quarter in which the recovery is made or in the quarter in which the one-year period following discovery ends, whichever is earlier. In addition, good internal controls require that policies and procedures are established and followed to ensure compliance with federal requirements.

In December of 2023, as part of their corrective action plan from fiscal year 2023, LDH updated their policy to require the submitting department/agency to specifically identify the date of discovery when providing provider overpayment information to

LDH. Although implementation of the new policy began in fiscal year 2024, the policy was not in effect for six months out of the year. In addition, LDH did not ensure controls over provider overpayments were in place and adequately monitored for every quarter during fiscal year 2024.

By not appropriately identifying the date of discovery as defined by federal regulations, LDH cannot ensure that the federal share of provider overpayments that reach their one-year period are returned to CMS in the appropriate quarter. LDH should strengthen its controls to ensure compliance with federal regulations regarding the timely return of the federal share of provider overpayment collections. Management concurred with the finding and provided a corrective action plan. (See Appendix A, pages 28-29.)

Inadequate Controls over Billing for Behavioral Health Services

For the sixth consecutive year, LDH, the MCOs, and Magellan Health Services (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 fiscal year 2024, we identified approximately \$14.4 million in encounters for services between July 1, 2023, and June 30, 2024, that were paid by the MCOs and Magellan even though the encounters do not appear to comply with LDH's encounter coding requirements and/or approved fee schedules. The billing errors could be avoided by LDH, the MCOs, and Magellan applying system edits that would flag encounters for further review when encounter coding and/or fee schedule requirements are not followed. Our analysis identified the following instances of billing errors:

- Providers were paid \$11,075,376 for 166,209 encounters that were billed using incorrect procedure and modifier codes. LDH's fee schedule outlines procedure codes for services and the applicable billing rates. Some services require that procedure codes also contain modifier codes which indicate information such as the age of the recipient, location where the service was provided, the educational background of the person providing the service, and the license(s) they have obtained. Without the required modifiers, the encounter does not contain enough information to determine that the billing was appropriate.
- Providers were paid \$3,306,206 for 32,987 encounters that exceeded LDH's specialized behavioral health services fee schedules. The approved fee schedules outline different rates depending on the procedure code and modifier codes. The MCOs can optionally pay more than the minimum LDH fee schedule. However, LDH does not currently maintain a list of these providers and therefore cannot determine if an encounter paid at an excessive rate was improperly billed.

It is important that encounter data is accurate because LDH and other stakeholders, such as the Medicaid Fraud Control Unit within the Attorney General's Office, use this data to identify improper payments and potential fraud. LDH also uses this encounter data to establish PMPM rates for the MCOs.

In following its corrective action plan from fiscal year 2022, LDH contracted with the External Quality Reviewer (EQR) to validate a representative sample of encounters against the Medicaid fee schedule on file at the time of service delivery, inclusive of modifier utilization. Implementation of this protocol began in fiscal year 2023 and has continued through fiscal year 2024. However, auditors noted that for the second year in a row the EQR's analysis did not review the use of location modifiers in encounters and did not exclude encounters from providers that were approved by MCO's to bill in excess of the fee schedule.

LDH management should ensure that agency personnel are adequately monitoring the EQR contract and that the proper validations are being conducted to ensure encounters are coded correctly. Management partially concurred with the finding and provided a corrective action plan. (See Appendix A, pages 30-32.)

Inadequate Controls over Payroll – Office of Public Health

For the fifth consecutive year, LDH, OPH did not ensure payroll expenditures were certified and approved for the HIV Prevention Activities Health Department Based program (AL 93.940). In a sample of 60 payroll transactions tested from a population of 721 transactions totaling \$279,771, we noted the following:

- One (2%) time statement was not certified by the employee nor approved by the employee's supervisor
- Two (3%) time statements were not approved by the employees' supervisors.

State policy requires employees and supervisors to certify and/or approve time statements for accuracy. Timekeepers are responsible for reviewing the LaGov ZP241 eCertification report prior to processing to identify any employees who have not certified their time statements and any supervisors who have not approved their staff's time statements. Federal regulations require that records must be supported by a system of internal control, which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Furthermore, the records must comply with the established accounting policies and practices of the non-federal entity. OPH lacked sufficient controls to ensure electronic time statements were properly certified and approved in accordance with federal and state regulations. Failure to adequately approve program expenditures increases the risk that unallowable costs could be reimbursed by the federal grantor.

OPH should ensure employees comply with existing policies and procedures, including properly certifying and approving electronic time statements. Management concurred

with the finding and provided a corrective action plan. (See Appendix A, pages 33-34.)

Annual Comprehensive Financial Report – State of Louisiana

As a part of our audit of the Annual Comprehensive Financial Report for the year ended June 30, 2024, we considered internal control over financial reporting and examined evidence supporting LDH’s Medical Vendor payments (Agency 306) non-payroll expenditures, federal revenue, Medicaid current and non-current accruals, and federal disallowed costs.

Based on the results of these procedures, we reported a finding related to Inadequate Controls over Annual Financial Reporting, as described previously, which was also included in the Single Audit for the year ended June 30, 2024. In addition, the account balances and classes of transactions tested, as adjusted, are materially correct.

Federal Compliance - Single Audit of the State of Louisiana

As a part of the Single Audit for the year ended June 30, 2024, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on LDH’s major federal programs, as follows:

- Public Health Emergency Preparedness (Assistance Listing 93.069)
- Immunization Cooperative Agreements (Assistance Listing 93.268)
- Children’s Health Insurance Program (Assistance Listing 93.767)
- Medicaid Cluster (Assistance Listings 93.775, 93.777, and 93.778)

Those tests included evaluating the effectiveness of LDH’s internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether LDH complied with applicable program requirements. In addition, we performed certain procedures on information submitted by LDH to the Division of Administration’s Office of Statewide Reporting and Accounting Policy for the preparation of the state’s Schedule of Expenditures of Federal Awards (SEFA) and on the status of the prior-year findings for the preparation of the state’s Summary Schedule of Prior Audit Findings, as required by Uniform Guidance.

Based on the results of these Single Audit procedures, we reported findings located in the Current-year Findings section. These findings were also included in the Single

Audit for the year ended June 30, 2024. In addition, LDH's information submitted for the preparation of the state's SEFA and the state's Summary Schedule of Prior Audit Findings, as adjusted, is materially correct.

Other Procedures

In addition to the follow-up on prior-year findings and the Annual Comprehensive Financial Report and Single Audit procedures noted above, we performed certain procedures that included obtaining, documenting, and reviewing LDH's internal control and compliance with related laws and regulations over transactions related to LDH's participation in the Louisiana LaCarte purchasing card program.

Based on the results of these procedures, we did not report any findings.

Trend Analysis

We compared the most current and prior-year financial activity using LDH's Annual Fiscal Reports and/or system-generated reports and obtained explanations from LDH's management for any significant variances.

Other Reports

The Louisiana Legislative Auditor has other audit sections that issue reports regarding LDH. These reports are available on the Louisiana Legislative Auditor's website.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of LDH. The nature of the recommendations, their implementation costs, and their potential impact on the operations of LDH should be considered in reaching decisions on courses of action. The findings related to LDH's compliance with applicable laws and regulations should be addressed immediately by management.

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

ABS:REW:JPT:BQD:aa

LDH2024

APPENDIX A: MANAGEMENT'S RESPONSES

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

December 13, 2024

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Noncompliance with Managed Care Provider Enrollment and Screening Requirement

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated December 4, 2024 regarding a reportable audit finding related to Noncompliance with Managed Care Provider Enrollment and Screening Requirement. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Noncompliance with Managed Care Provider Enrollment and Screening Requirement

Recommendation: LDH should ensure all providers are screened and enrolled as required by federal regulations.

LDH Response:

LDH concurs with the finding that not all Managed Care Entity (MCE) providers were enrolled as of June 30, 2024. The Department and MCEs worked extensively with existing providers in 2021 and 2022 to encourage completion of enrollment. Providers who were newly credentialed with MCEs, since March 2022, had not been invited to enroll because it required a contract amendment with Gainwell Technologies and additional costs.

Corrective Action:

Gainwell Technologies contract amendment 26 was approved by CMS and the Office of State Procurement. The amendment requires the contractor to build a process to accommodate newly enrolled providers with one or more of the MCEs into the existing

Mr. Michael J. “Mike” Waguespack, CPA
Noncompliance with Managed Care Provider Enrollment and Screening Requirement
December 13, 2024
Page 2

Louisiana Medicaid Provider Enrollment web-based portal. This process is known as re-baselining and will enroll providers on a regular and ongoing basis, bringing LDH to full compliance with federal regulations.

Due to the volume of providers needing to be enrolled, two groups were created, and a staggered mailing schedule was developed as follows:

Group 1: The first flight of invitation letters was mailed on October 25, 2024, and the final flight was mailed on November 8, 2024. Providers have 120 days to complete enrollment, with an estimated completion date of March 8, 2025.

Group 2: The first flight of invitation letters is scheduled to be mailed on December 31, 2024, and the final flight on January 17, 2025. Group 2 has an estimated enrollment completion date of April 11, 2025.

After completion of the two groups, LDH will be in full compliance, and a new bi-monthly cycle will be utilized to invite incoming providers to enroll thereafter.


LDH is also seeking a longer-term solution through the National Association of State Procurement Officials (NASPO) Value Point that will modernize the provider management system and achieve the CMS preference of modularity. A Provider Management Module vendor was selected in 2023, but a protest was filed which halted any implementation activities. Due to the lengthy delay that resulted from the protest, LDH requested to cancel the procurement and start over. LDH has restarted the procurement process and is leveraging the NASPO approach due to a change in law that no longer allows for a protest for a NASPO procurement. We anticipate to have a new vendor selected by January of 2025.

You may contact Kimberly Sullivan, Medicaid Director at (225) 219-7810 or via e-mail at Kimberly.Sullivan@la.gov or Brandon Bueche, Medicaid Section Chief at (225) 384-0460 or via email at Brandon.Bueche@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Signed by:

845BED979A47436...
Ralph Abraham, M.D.
Surgeon General

MH/ks

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of Management and Finance

VIA E-MAIL ONLY

December 19, 2024

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Controls over Annual Financial Reporting

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated December 6, 2024 regarding a reportable audit finding related to Inadequate Controls over Annual Financial Reporting. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Controls over Annual Financial Reporting

Recommendation: LDH management should strengthen its internal control over the financial reporting process to ensure accuracy of amounts provided to fiscal by program sections. In addition, management should perform a thorough review that will identify preparation errors and correct those errors before submission of reports to OSRAP for inclusion in the state's Annual Comprehensive Financial Report and the state's Single Audit Report. DR

LDH Response: LDH's Management concurs with the finding regarding inadequate controls of annual financial reporting and the necessity of processes that identify, calculate and compile accurate and complete financial data. LDH is actively engaged in efforts to increase preventive and detective controls over financial transactions, balances, and reports. As you will see in the following corrective action plan, we have included actions that promotes staffs' future ability to identify and thoroughly understand new and/or high risks calculations.

Mr. Michael J. Waguespack, CPA
December 19, 2024
Page 2

Corrective Action Plan: The corrective action plan steps below have been implemented by Fiscal Management and are anticipated to be completed by August 30, 2025.


1. Maximize the services within our current consulting contract for CMS Reporting and Staff Augmentation to engage with subject matter experts with expertise in government accounting, financial reporting, grant reporting, and adult learning. This corrective action activity has been implemented as of November 18, 2024.
2. Pursue clarity and understanding from OSRAP regarding changes in reporting instructions/requirements, and guidance for capturing high-risk financial transactions.
3. Increase staff training and tracking tools to support staff in identifying, calculating and completing infrequent, high-dollar, and high-risk transactions.
4. Incorporate impact sessions for new federal or state program features to ensure all effected processes and procedures are updated.
5. Develop and/or enhance tools that allow the comparison and analysis of financial calculations over time.
6. Identifying and documenting reasonableness tests for all 'estimation' calculations and procedures.
7. Enhancing all approval procedures to ensure the reviewer has sufficient information, knowledge and tools to opine on the inputs, the outputs, and the conclusions.
8. Enhance post-error analysis and remediation processes with a goal of avoiding the same or similar errors in future transactions or reporting.

You may contact Clinton Summers, Accountant Manager 4 at (225) 342-5701 or via email at Clinton.Summers@la.gov or Helen Harris, LDH Fiscal Director, at (225) 342-9568 or via email at Helen.Harris@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Signed by:

845BED979A47436...
Ralph L. Abraham, MD
Surgeon General

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

October 21, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Weakness in Controls Over Payroll – LDH

Dear Mr. Waguespack,

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor dated October 7, 2024, regarding a reportable audit finding related to Weaknesses in Controls over payroll at LDH. We appreciate the opportunity to provide this response to your office's findings.

Finding: For the third consecutive year, the Louisiana Department of Health (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.

Recommendation: Management should ensure employees comply with existing policies and procedures, including properly certifying and approving time sheets and leave requests in a timely manner.

LDH Response: LDH concurs with the statistics represented in the finding and the LLA recommendation. However, in order to have a comprehensive representation of the statistics there are a few nuances related to the statistics that should be noted. These nuances are outlined below.

When considering the payroll data represented in the random sample for the audit, data for the LDH 24-hour facilities is a subset of the data for OBH, OCDD, and OAAS. The structure of the 24-hour facilities and the nature of the schedule of the direct care workers at these facilities are not accounted

LDH Response to Weakness in Controls Over Payroll

October 21, 2024

Page 2

for in the audit, and could be exacerbating the appearance of lack of control over payroll.

- Many of the direct care staff at these facilities do not have computer access and as such, these employees complete paper time sheets. As outlined in the LDH State Facilities Operational Instruction Policy A-12, Section III.A.1.c.:
 Each employee must certify his/her time statement each pay period. For those staff members who do not enter any leave or overtime in CATS/LEO, signing their timesheet is the means of certifying their time statement. The employee’s supervisor shall, after reviewing the timesheet for accuracy, sign and attest that he/she approved the time statement.
- The data represented in the finding does not exclude these direct care workers that are listed in CATS, but are actually certifying their time by completing paper time sheets.

In addition, the schedule for direct care workers are often times different from an employee that works in a traditional office setting. These employees may work 12-hour shifts whereby they are not on the schedule during the days of a pay period when time certification is to occur. When these employees, that actually approve their time in CATS/LEO, return to work, the certification of their time would contribute to Late Certification, Late approval, or Auto Approval of time statements.

A further analysis of the data of the random sample by the LLA shows that the overwhelming percentage of LDH employees that are in non-compliance are associated with the facilities.

CATEGORY	# of LDH Employees in Non-Compliance	# of Facility Employees in Non-Compliance	% of Facility Employees in Non-Compliance
Not Certified/Not Reissued	29,370	27,598	94%
Not Approved	29,082	27,457	94%
Late Certified	8,089	4,988	62%
Late Approved	17,128	9,000	53%
Auto Approved	5,422	2,185	40%

While LDH is in agreement that this LLA finding requires attention and rectification by the department, it does bear noting that the degree to which LDH is in non-compliance would potentially decrease if these factors with the 24-hour facilities were contemplated in the data.

LDH Response to Weakness in Controls Over Payroll

October 21, 2024

Page 3

Corrective Action Plan:

In order to mitigate the deficiencies noted in the audit, LDH is of the opinion that the following actions will render a compliance rate of 95% to 98%. LDH will proceed as follows.

- Provide computer kiosks, so that employees at 24-hour facilities that are not assigned a computer will have access to certify their time electronically. Once all staff are certifying time online, the reports that are generated from CATS/LEO will provide an accurate representation of compliance for all employees as it relates to payroll.
- Continue to provide training to agency time administrators on payroll procedures. This training will emphasize the necessity and procedure for running biweekly payroll reports as well as the importance of notifying employees and supervisors of corrective actions that are necessary to ensure that time certification and approval is conducted according to policy.
- Expand the time administrator training to include the time administrators of the 24-hour facilities to ensure that the payroll procedures are implemented department wide.
- Include a statement in PES planning for all employees related to the requirement of certification and approval of time statements each pay period.
 - Failure to follow the requirements outlined in the PES shall subject the employee to corrective actions and/or progressive disciplinary actions.
- Human Resource staff will provide reports to the Assistant Secretary/Director/Facility Administrators at the end of each pay period that identifies employees that failed to certify their time or to approve subordinates time in accordance with policy. These reports will be utilized in taking the necessary steps for corrective action and policy compliance.
- LDH Executive Management will provide any support needed to assist LDH and the appointing authorities in moving the department into compliance and taking necessary action to ensure that employees are in compliance with LDH policies regarding time administration.
- LDH anticipates completion of training for 24-hour facility time administrators and the establishment of computer kiosks at 24-hour facilities by January 31, 2025. The addition of required verbiage in PES documents related to time certification and approval will be completed with the PES planning for calendar year 2025.

LDH Response to Weakness in Controls Over Payroll

October 21, 2024

Page 4

You may contact Tammy Brown, HR Manager, by telephone at 225-342-5932 or by email at Tammy.brown@la.gov with questions about this matter.

Sincerely,

Signed by:

Michael Harrington

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Michael Harrington, MBA, MA

LDH Secretary

Signed by:

Ralph Abraham

CF38B383F66F4AE...

Dr. Ralph Abraham

LDH Surgeon General

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

January 29, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Noncompliance with Medicaid Federal Matching and Reporting Requirements Related to a Means of Financing Reallocation

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated January 27, 2025 regarding a reportable audit finding related to Noncompliance with Medicaid Federal Matching and Reporting Requirements Related to a Means of Financing Reallocation. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Noncompliance with Medicaid Federal Matching and Reporting Requirements Related to a Means of Financing Reallocation

Recommendation: LDH management should strengthen the system of internal controls over preparation and review of the quarterly CMS-64 reports to ensure expenditures are accurately reported and that the required amount of state and/or local funds are available and used to match the state's allowable expenditures.

LDH Response: LDH Management concurs that the reallocation of the Medicaid expenditures that include federal and state shares should have been excluded from the June 30, 2024 CMS64 report. LDH Management recognizes its responsibility to accurately report financial data, but also acknowledges that staffing shortages and inadequate/insufficient training resulted in less-than-ideal reporting conditions creating limited knowledge and experience with the data and reporting requirements and time for thorough reviews

Mr. Michael J. Waguespack, CPA
January 29, 2025
Page 2

Corrective Action Plan: LDH Fiscal Management has already taken steps to aggressively work towards improving staffing knowledge and skills by way of securing the services of a vendor who offers CMS64 support and training for federal reporting requirements. In addition, LDH Fiscal is working with the vendor to develop a comprehensive training/development plan for staff responsible for CMS64 reporting and establish collaboration with Human Resources to address staffing efforts.

The corrective action plan completion date to address this compliance was effective immediately upon notification of the error, recognizing that this will be an ongoing corrective action plan of monitoring as LDH Fiscal works to create a culture of continuous improvement. Clinton Summer, Accountant Manager 4/Comptroller for Medicaid Financial Reporting and Helen Harris, Deputy Undersecretary 2/Fiscal Director, are responsible for the execution and implementation of this corrective action.

You may contact Clinton Summers, Accountant Manager 4 at (225) 342-5701 or via email at Clinton.Summers@la.gov or Helen Harris, LDH Fiscal Director, at (225) 342-9568 or via email at Helen.Harris@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

January 29, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Controls over and Noncompliance with Matching and Reporting Requirements Related to the Cost Share Process

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated January 27, 2025 regarding a reportable audit finding related to Inadequate Controls over and Noncompliance with Matching and Reporting Requirements Related to the Cost Share Process. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Controls over and Noncompliance with Matching and Reporting Requirements Related to the Cost Share Process

Recommendation: LDH management should ensure the cost share tables are appropriately updated for all periods during the fiscal year. In addition, LDH should strengthen controls over preparation and review of the quarterly CMS-64 federal expenditure reports to ensure that the appropriate federal match is applied to qualifying expenditures and the required amount of state and/or local funds are available and used to match the state's allowable expenditures.

LDH Response: LDH management concurs that the cost share tables were not updated for all periods during the fiscal year in LaGov. Although the rates in LaGov did not impact accurate federal reporting in MBES, we recognize that for comparison and accuracy, the rates should have been verified in both instances. Our expenditure reporting to CMS via MBES is entered based on total expenditures as MBES calculates the FMAP automatically. However, we are implementing additional controls in our SOPs that will ensure the FMAP information in LaGov remains current.

Mr. Michael J. Waguespack, CPA
January 29, 2025
Page 2

Corrective Action Plan: The tables have been updated in the LaGov system as of January 2025 and we are currently adding a task to quarterly checklist to ensure the rates are aligned between LaGov and MBES. In addition, we are exploring the possibilities to update queries and reports, where possible, to further strengthen reporting accuracy by automatically tying to the FMAP information in LaGov so queries and reports can automatically calculate the appropriate federal and state match which will also avoid any potential discrepancy that may arise from manual intervention/calculations.

This corrective action plan to address the feasibility of updating queries and reports is ongoing, but an anticipated assessment date is May 30, 2025.

Clinton Summer, Accountant Manager 4/Comptroller for Medicaid Financial Reporting and Helen Harris, Deputy Undersecretary 2/Fiscal Director, are responsible for the execution and implementation of this corrective action.

You may contact Clinton Summers, Accountant Manager 4 at (225) 342-5701 or via email at Clinton.Summers@la.gov or Helen Harris, LDH Fiscal Director, at (225) 342-9568 or via email at Helen.Harris@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F..
Michael Harrington, MBA, MA
Secretary

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

January 29, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Controls over Reporting and Matching Federal Compliance Requirements for the Medicaid and Children's Health Insurance Programs

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated January 27, 2025 regarding a reportable audit finding related to Inadequate Controls over Reporting and Matching Federal Compliance Requirements for the Medicaid and Children's Health Insurance Programs. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Controls over Reporting and Matching Federal Compliance Requirements for the Medicaid and Children's Health Insurance Programs

Recommendation: LDH management should strengthen controls over preparation and review of the quarterly federal expenditure reports and quarterly adjustments to ensure federal expenditures are accurately reported. In addition, LDH management should incorporate a reconciliation of federal expenditures in the financial statements to federal expenditures reported to CMS.

LDH Response: LDH Management concurs that controls over preparation and review of the quarterly federal report were insufficient and should be strengthened. LDH Management recognizes its responsibility to accurately report financial data, while also acknowledging that staffing shortages and inadequate/insufficient training resulted in less-than-ideal reporting conditions creating limited knowledge and experience with the data and

Mr. Michael J. Waguespack, CPA
January 29, 2025
Page 2

reporting requirements and adequate time for thorough reviews for this reporting year.

Corrective Action Plan: LDH Fiscal Management in collaboration with our contracted consultants are working towards updating standard operating procedures to include the review process as well as training for the preparer and reviewers of the work. Also, a development of a reconciliation to capture all reporting in MBES in comparison to LaGov is being created.

The corrective action plan completion date to address this is anticipated for completion during the April 2025 federal reporting period. Clinton Summer, Accountant Manager 4/Comptroller for Medicaid Financial Reporting and Helen Harris, Deputy Undersecretary 2/Fiscal Director, are responsible for the execution and implementation of this corrective action.

You may contact Clinton Summers, Accountant Manager 4 at (225) 342-5701 or via email at Clinton.Summers@la.gov or Helen Harris, LDH Fiscal Director, at (225) 342-9568 or via email at Helen.Harris@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

February 6, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

**Re: OPH – Inadequate Controls over and Noncompliance with
Federal Financial Reporting**

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated February 3, 2025 regarding a reportable audit finding related to the Office of Public Health (OPH) – Inadequate Controls over and Noncompliance with Federal Financial Reporting. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Controls over and Noncompliance with Federal Financial Reporting

Recommendation: OPH should design and implement controls to ensure all information contained in the financial reports submitted to Federal agencies is accurate, current, and complete for the reporting period covered under the report.

LDH Response: LDH Fiscal Management recognizes its responsibility to accurately report financial data, however, LDH Fiscal Management does not concur with the finding of Inadequate Controls over and Noncompliance with Federal Financial Reporting (FFR) due to immateriality of the questioned expenses. The expenses in question reported on the Federal Financial Report were eligible grant expenses for this award. LDH Fiscal understood the expenses in question to be related to the same award that was ending 6/30/24, but received a No Cost Extension through 12/31/2024. After consulting with the grantor on this matter, the grantor conveyed that reporting these eligible expenditures earlier than the No Cost Extension date was not a material

Mr. Michael J. Waguespack, CPA
February 6, 2025
Page 2

concern and would not require a revised FFR for this period, as the main concern is that they were eligible expenses and would be included in the final FFR. Total expenses in question (\$142,568) represent approximately .3% of the cumulative expenses reported on the Federal Financial Report (\$42M) as of 06/30/2024; therefore, the stance of LDH is the amount in question is immaterial and does not misstate the Federal Financial Report.

Corrective Action Plan: Procedures and internal training currently exist for fiscal team members on completing Federal Financial Reports. A corrective action plan to reiterate and reinforce the understanding of various reporting periods to include No Cost Extension and liquidation periods to the preparers and reviewers of the FFR's to mitigate this occurrence was implemented immediately.

Quintesah Syas, Accountant Manager 4/Comptroller within the LDH Fiscal Office for Office of Public Health Financial Reporting and Helen Harris, Deputy Undersecretary 2/LDH Fiscal Director are responsible for the execution and implementation of this corrective action and may be contacted with any questions about this matter.

You may contact Quintesah Syas Accountant Manager 4/Comptroller, within the LDH Fiscal Office for Office of Public Health Financial Reporting at (225) 342-9333 or via email at Quintesah.Syas@la.gov, or Helen Harris), Deputy Undersecretary 2/LDH Fiscal Director at (225) 342-9568 or via email at Helen.Harris@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

February 12, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Noncompliance with Disproportionate Share Hospital Payments

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated February 7, 2025 regarding a reportable audit finding related to Noncompliance with Disproportionate Share Hospital Payments. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Noncompliance with Disproportionate Share Hospital Payments

Recommendation: LDH should ensure an adequate review of the tracking spreadsheet to verify that all federal payments are included and to prevent the department from exceeding the federal DSH allotment in the future.

LDH Response: LDH concurs with the finding of noncompliance with 2016 disproportionate share hospital payments as the global DSH allotment was exceeded for that FFY. The department anticipated a full recoupment from one of our facilities upon completion of the original DSH audit report, however, upon completion of an addendum, the facility submitted additional information which reduced their liability and resulted in an overpayment.

Corrective Action: LLA has identified \$4,225,716 of total computable payments made in excess of the global DSH allotment for FFY 2016. The department will recoup funds from the facility that was overpaid and return the FFP portion of that overpayment to CMS. The Department will also return the FFP portion of the remaining amount that was payments in excess of the global allotment to CMS.

Mr. Michael J. "Mike" Waguespack, CPA
Noncompliance with Disproportionate Share Hospital Payments
February 12, 2025
Page 2

In the future, LDH will ensure an adequate review of the tracking spreadsheet to verify that all federal payments are included to prevent the department from exceeding the federal DSH allotment. Any adjustments resulting from potential overpayments which would increase the available DSH state allotment cap shall not be recognized until recoupment is finalized and complete.

You may contact Kimberly Sullivan, Medicaid Director at (225) 219-7810 or via e-mail at Kimberly.Sullivan@la.gov or Jackie Cummings, Medicaid Program Manager 4 at (225) 342-7505 or via email at Jackie.Cummings2@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

MH/KS

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

January 24, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Noncompliance with and Inadequate Controls over Maternity Kick Payments

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated January 16, 2025 regarding a reportable audit finding related to Noncompliance with and Inadequate Controls over Maternity Kick Payments. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Noncompliance with and Inadequate Controls over Maternity Kick Payments

Recommendation: LDH should strengthen existing policies and procedures to ensure all maternity kick payments are supported with an eligible triggering event before payment is made to the MCOs.

LDH Response: LDH does not concur with the finding of noncompliance with or inadequate controls over maternity kick payments.

Maternity kick payments are triggered by a monthly automated procedure that reviews delivery encounters against specific criteria and makes payments to the MCOs when qualifying deliveries are identified. Each quarter, LDH/Gainwell performs a kick payment review procedure to recover payments from the MCOs when the original delivery encounter is voided without a qualifying replacement encounter or without another qualifying encounter in the same delivery event/episode of care.

The kick payments identified in LLA's finding had already been identified by our internal review procedures and flagged for recovery during the

Mr. Michael J. "Mike" Waguespack, CPA
Noncompliance with and Inadequate Controls over Maternity Kick Payments
January 24, 2025
Page 2

September 2024 kick payment review. Specifically, our review determined that these 24 kick payments were inappropriately triggered due to a coding change that was intended to limit the lookback period for qualifying encounters to January 1, 2023 (to align with the current MCO contract period), but was also unintentionally bypassing the 6/1/15 DOS (Date of Service) restriction for global maternity codes on professional/physician encounters. This coding error was discovered by Gainwell after LDH staff noted that the majority of kick payments flagged for recovery had a July 16, 2024 payment date and questioned that anomaly.


Since LDH's normal review and control procedures led to the identification the logic error and the appropriate recovery of the erroneous kick payments, we do not agree that controls are inadequate or that LDH is non-compliant with its policies and procedures for maternity kick payments.

Additionally, LLA's identification of many of these kick payments is simply due to the timing of its analysis as compared to the timing of LDH's final SFY24 quarterly review in early June 2024. Had LDH/Gainwell performed its review at the end of June 2024 instead of the beginning of the month, 16 kicks with payment dates in June 2024 would not have been identified in LLA's review.

Corrective Action: Corrective action is not necessary, as recoveries were identified and processed as part of the regularly scheduled review process; however, LDH will modify the timing of its final quarterly reviews to ensure that payment/voids in June do not result in a finding.

You may contact Kimberly Sullivan, Medicaid Director at (225) 219-7810 or via e-mail at Kimberly.Sullivan@la.gov or Marisa Naquin, Medicaid Program Manager 2 at (504) 408-1828 or via email at Marisa.Naquin@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary
MH/ks

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

February 13, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Internal Controls over Eligibility Determinations

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated February 6, 2025 regarding a reportable audit finding related to Inadequate Internal Controls over Eligibility Determinations. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Internal Controls over Eligibility Determinations.

Recommendation: LDH should ensure its employees follow procedure relating to eligibility determinations and redeterminations in the Medicaid and CHIP programs to ensure the case records support the eligibility decisions.

LDH Response: LDH concurs in part with LLA's finding of inadequate controls over eligibility determinations.

For one Medicaid and five CHIP findings noted as the renewal not properly documented, LDH does not concur. LLA noted an error for a "SNAP" or "ELE" renewal documented as a "Streamlined" renewal. "SNAP", "ELE", and "Streamlined" renewals are all forms of an ex parte renewal per federal regulations at 42 CFR §435.916(b)(1) which requires the Medicaid agency to complete a renewal on the basis of information available to the agency without requiring information from the beneficiary. LDH uses these labels internally to identify what information or process used to complete the ex parte renewal. LDH presented documentation from system logs, which

Mr. Michael J. "Mike" Waguespack, CPA
Inadequate Internal Controls Over Eligibility Determinations
February 13, 2025
Page 2

showed a system bug misidentified the ex parte process used but there was no error in the determination made.

For one CHIP finding noted as inadequate documentation regarding income to support the renewal determination, LDH does not concur. The auditor cited a separate case in which a Medicaid analyst requested a written affidavit for the ending of self-employment income but not requested in this case. There is nothing in LDH policy or procedure that requires a written affidavit to verify ending of self-employment income.

Corrective Actions:

LDH already has a continual process of reviewing findings from internal case reviews, system bugs, appeal cases, external audits, or other sources then incorporating into policy/procedure updates, refresher trainings, reminder memos, and/or staff meetings. The findings from this audit will be added to this process.

In addition, by April 1, 2025 Eligibility Program Operations will issue a summary of these findings to eligibility staff statewide reiterating the need to follow procedures and regulations relating to eligibility determinations to ensure the case records support the eligibility decisions.

You may contact Kimberly Sullivan, Interim Medicaid Director at (225) 219-7810 or via e-mail at Kimberly.Sullivan@la.gov or Rhett Decoteau, Medicaid Section Chief at (225) 342-9044 or via email at Rhett.Decoteau@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

MH/KS

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

February 28, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Controls over Waiver and Support Coordination Service Providers

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated February 7, 2025 regarding a reportable audit finding related to Inadequate Controls over Waiver and Support Coordination Service Providers. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Controls over Waiver and Support Coordination Service Providers

Recommendation: LDH should ensure all departmental policies for waiver and support coordination services are enforced, including documentation to support claims and evidence that deviations from the approved POC meet the needs of the recipient. LDH should consider additional provider training regarding documentation requirements.

LDH Response: The LDH through the Office for Citizens with Developmental Disabilities (OCDD) concur in part with the finding and recommendation set forth by the LLA.

LDH/OCDD does not concur with three errors LLA noted in the determination of inadequate controls over waiver and support coordination providers and have concerns with LLA's overreliance on documentation in determining control adequacy.

Mr. Michael J. Waguespack, CPA
February 28, 2025
Page 2

Under §1915(c) of the Social Security Act and 42 CFR §441.302, the approval of an HCBS waiver requires that CMS determines the state has made satisfactory assurances concerning the protection of participant health and welfare, financial accountability, and other elements of waiver operations. Renewal of an existing waiver is contingent upon review by CMS and a finding by CMS the assurances have been met. By completing the HCBS waiver application, the state specifies how it has designed the waiver's critical processes, structures, and operational features in order to meet these assurances.

Despite highlighting CMS approved controls and assurances, as well as LDH policy allowances, LLA continues to overlook other control mechanisms in place and rely solely on reconciling documentation to determine control adequacy.

1. "For 121 claims for 9 recipients, the waiver services provider did not provide documentation substantiating the reason for departures from the approved POC."

There is no error because there was no departure from the plan of care. The nine (9) recipients referenced herein received the individual and family support (IFS) service(s) as outlined in the plan of care. The confusion here seems to stem from the structure of our IFS service. As approved in our 1915(c) waiver, IFS can be provided on a 1:1 basis or a shared basis (i.e. one direct support worker providing IFS to two waiver recipients). There is no difference in the service definition for 1:1 and shared IFS, nor a reduction in the scope or intensity of care. In other words, it is the same service.

It appears LLA has based its determination of departures from the comprehensive plan of care (CPOC) on the typical weekly schedule portion of CPOC. The typical weekly schedule serves as a map to determine the amount of supports needed, but it does not prohibit a recipient from altering the amount and type of IFS hours utilized within a day, week or month, so long as the recipient does not exceed the budgeted hours for the quarter. Understanding the dynamic nature of individuals' lives, LDH/OCDD's expectation is that people operate within their allocated budget or budget hours for the quarter, not the typical weekly schedule.

Health and safety is assured through OCDD's Support Coordination Monitoring (Policy 604) process. The Support Coordination Monitoring Process evaluates if waiver participants receive the supports and services necessary to meet their needs (health and safety) and achieve their personal goals. Support Coordination Monitoring provides required evidence to the Centers for Medicare and Medicaid Services that the agencies are operating in accordance with applicable federal regulations/policies. For this monitoring process a composite sample that includes individuals served by all SC agencies are reviewed.

Mr. Michael J. Waguespack, CPA
February 28, 2025
Page 3

The components of the monitoring process include an Agency Review, Record Review, Participant Interview, and Support Coordination Interviews. The process in place is included in our 1915 c waiver applications and has been approved by CMS.

2. "For 50 claims for 3 recipients, the waiver services provider billed the claim at the incorrect rate."

There was no error since the waiver provider billed the appropriate rate for the procedure code and modifier submitted on the claim. Furthermore, there are adequate controls in place by way of max allowed rate coding which prohibits a provider from billing above the maximum-allowed rate for the procedure code and applicable modifier.

Based on a review of the available data, it appears LLA has based its determination of improper rate on an individual 1:1 IFS rate. For the instances where the LLA noted the improper rate was paid, the procedure code and modifier identified was for a shared IFS service, which was the service the provider delivered. The rate billed aligned with the shared IFS rate.

3. "For 4 claims for 1 recipient, the waiver services provider inappropriately billed for services that overlapped with non-waiver institutional services."

While the claim was paid, the example provided was not an error, as LDH's established controls identified and addressed the overlap in billing.

LDH allows the delivery of direct care services by an in-home provider prior to the time of admission and after the time of discharge. The claim identified with date of service April 25, 2024 was the date of admission and the claim, with date of service (DOS) April 27, 2024, was the date of discharge. The agency billed Gainwell for the DOS for April 26, 2024 and Gainwell reimbursed the agency for that DOS. However, LDH has mechanisms in place where claims paid but should have been denied cause future units to be blocked once the system recognizes the participant was inpatient during the date of the claim. SRI notifies the provider of the block (on the LaSRS® Blocked Report) and of their need to reimburse Gainwell, if the claim has already been billed and paid. Once they have repaid the blocked units at Gainwell, they will have enough units available to bill for the claims at the end of the prior authorization (PA).

This logic (or "block") was implemented when the inpatient stay was billed and sent to our data contractor, SRI. SRI reduced the total amount released on this PA and the provider is currently being denied for later dates of service under this PA and will not be able to be reimbursed for the dates of service until they pay back the claims for April 26, 2024.

Mr. Michael J. Waguespack, CPA
February 28, 2025
Page 4

LDH/OCDD concurs with LLA's error finding of inadequate documentation on 383 claims for 13 recipients.

Included in OCDD's response to the last audit, OCDD developed a corrective action plan which consisted of the following elements:

- Develop/Finalize a standardize note to be utilized by all personal care type providers. The standardized note is developed. Starting February 2025, providers are required to begin using the note or electronic alternative/equivalent.
- Training/Implementation of standard progress note. Training is underway and scheduled to be completed by end of January 2025.
- Develop/Implement a monitoring process to review provider records/notes. Planned Implementation of monitoring process is July 2025.

LDH concurs with LLA's recommendation regarding policy enforcement and additional support coordination (SC) training.

Corrective Action Plan: LDH developed the action steps below to address the need for SC documentation training and provide additional oversight for policy enforcement.

1. OCDD will revise the SC policies/procedures and interpretive guidelines to address findings from monitoring, including SC documentation requirements by February 2025.
2. OCDD will circulate revised policies/procedures and interpretive guidelines to LGEs and SCAs to provide feedback/recommendations by March 2025.
3. Finalize the policies/procedures and interpretive guidelines by May 2025.
4. Provide statewide training regarding policies/procedures in June 2025.
5. Implement revised policies/procedures and interpretive guidelines in July 2025.
6. Measure effectiveness by comparing results of monitoring post-revised guidelines with monitoring that occurred prior to the changes in December 2025.

Mr. Michael J. Waguespack, CPA
February 28, 2025
Page 5

Bernard Brown, Deputy Assistant Secretary, OCDD is responsible for the execution and implementation of this corrective action.

You may contact Bernard Brown, OCDD Deputy Assistant Secretary, at (225) 342-8807, or via email at Bernard.Brown@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA E-MAIL ONLY

February 14, 2025

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Weakness in Controls over and Noncompliance with Provider Overpayments

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated February 10, 2025 regarding a reportable audit finding related to Weakness in Controls over and Noncompliance with Provider Overpayment. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Weakness in Controls over and Noncompliance with Provider Overpayments

Recommendation: LDH should strengthen controls to ensure compliance with Federal regulations regarding the timely return of the federal share of provider overpayment collections.


LDH Response: LDH Fiscal Management concurs with the finding of Weakness in Controls over and Noncompliance with Provider Overpayments. As stated in the finding, LDH updated its policy requiring submitting departments/agencies to identify the date of discovery when providing provider overpayment information to LDH from that point forward of when the policy was implemented.

Corrective Action Plan: The updated policy regarding the discovery date has been implemented as of December 2023. LDH Fiscal has implemented a process to ensure that reviews are adequately documented starting with Quarter Ending December 31, 2024 and will conduct a look back for State Fiscal Year 2025 by May 30, 2025.

Mr. Michael J. Waguespack, CPA
February 14, 2025
Page 2

You may contact Clinton Summers, Accountant Manager 4, at (225) 342-5701 or via email at Clinton.Summers@la.gov or Helen Harris, Deputy Undersecretary 2/LDH Fiscal Director, at (225) 342-9568 or via email at Helen.Harris@la.gov with any questions about this matter.

Sincerely,

Signed by:

BAE5043244C645F...

Michael Harrington, MBA, MA
Secretary

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of Management and Finance

January 2, 2025

VIA E-MAIL ONLY

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Controls over Billing for Behavioral Health Services

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor dated December 26, 2024, regarding a reportable audit finding related to billing controls for behavioral health services. LDH appreciates the opportunity to provide this response to your office's findings.

Finding: Inadequate Controls over Billing for Behavioral Health Services.

Recommendation: LDH management should ensure that agency personnel are adequately monitoring the EQR contract and that the proper validations are being conducted to ensure encounters are coded correctly.

LDH Response:
LDH partially concurs.

LDH has implemented a review of encounters in consideration of all procedure code and modifier combinations on the fee schedule. However, we will be enhancing the analysis by excluding all NPIs for providers that have been identified as being contracted for payments that exceed the fee schedule, as well as specifically identifying encounters that include a combination of modifiers that could result in a different reimbursement level, and would be subject to the appropriate identification and validation of the rendering providers' qualifications.

LDH will continue to monitor our EQR contract to ensure we are able to identify encounters that the MCEs potentially paid at an inappropriate rate given the unique provider, their credentials, service location and the

Mr. Michael J. Waguespack, CPA
January 2, 2025
Page 2

confirmation of the appropriate Medicaid fee schedule or alternative rates against which claims were to be processed.

As acknowledged by the LLA, OBH has continuously exhibited movement toward full compliance of the auditors' recommendations. LDH has worked diligently to both identify instances when encounters that appear to have not been paid in accordance with the SBHS fee schedule were, in fact, paid at the appropriate rate, as well as, reduce the volume of encounters that truly are reflective of improper claims' processing. While SBHS expenditures have increased by approximately **17%** since the initial FY19 finding, the number of encounters flagged by the LLA in the FY24 report has decreased by nearly **70%** over that same period. LDH is committed to this ongoing initiative, and intends to continue the supplemental EQR protocol in an effort to further reduce the inaccurate identification of improperly paid claims, as well as requiring the MCEs to ensure their claims processing systems are functioning appropriately or are updated, as indicated based upon applicable EQR findings.

LDH's EQR contractor, Myers & Stauffer, continues to conduct an encounter study (CMS EQR Protocol #5) to sample encounters against the SBHS fee schedule on a biannual basis to determine discrepancies and identify whether or not claims were paid inappropriately by the MCEs. Subsequent report methodologies have been consistently updated to enhance the scope and increase the sample size. Additionally, responses and corrective action plans related to the published reports have been requested from all managed care organizations to ensure that identified errors have been isolated and resolutions have been established and implemented. Further adjustments and refinements have, and will continue to be, incorporated into the methodology associated with the review/audit to produce the most effective analysis and remediation. To date, this has included an expanded scope and increased sample size. Myers & Stauffer continues to sample the full array of SBHS services, including those with location modifiers as evidenced in Appendix D of the report; and to follow through on the validation of reconciliations based on previous reviews and based on data collected. This continues to be an ongoing preventative measure against inappropriate billing, and results will continue to be tracked and published. The most recent biannual study has demonstrated a **92%** overall reduction in issues since Q2 SFY2023.

Corrective Action Plan:

LDH will require the EQR Contractor to eliminate any provider, based on NPI, that the MCOs self-identify as having an agreed upon rate that exceeds the SBHS fee schedule, in those instances that the MCEs have specifically reported that as being part of their existing contract. This is being done in an effort to remove those cases from the sampling utilized in the review.


Mr. Michael J. Waguespack, CPA
January 2, 2025
Page 3

You may contact Karen Stubbs, OBH Assistant Secretary by telephone at (225) 342-1435 or by e-mail at karen.stubbs@la.gov with any questions concerning this matter.

Sincerely,

Signed by:

BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Signed by:

845BED979A47436...
Ralph L. Abraham, MD
Surgeon General

Jeff Landry
GOVERNOR



Michael Harrington, MBA, MA
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of Public Health

VIA E-MAIL ONLY

December 17, 2024

Michael J. "Mike" Waguespack, CPA
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Inadequate Controls over Payroll – OPH

Dear Mr. Waguespack:

The Louisiana Department of Health (LDH) Office of Public (OPH) acknowledges receipt of correspondence from the Louisiana Legislative Auditor (LLA) dated December 13, 2024, regarding a reportable audit finding related to Inadequate Controls over Payroll for the following programs in the Office of Public Health (OPH): HIV Prevention Activities (HIV). LDH appreciates the opportunity to provide this response to your office's finding.

Finding: Inadequate Controls over Payroll

Recommendation: OPH should ensure employees comply with existing policies and procedures, including properly certifying and approving electronic time statements.

LDH Response: LDH concurs with the finding and concurs with the recommendation.

As part of a comprehensive agency-wide plan to address this finding, OPH developed a corrective action plan to enact control measures and monitor the certification and approval of electronic time statements. OPH implemented an updated Time Entry Policy that was put into place in April 2024. This policy includes employee, supervisor, and time administrator responsibilities regarding the certification and approval of electronic time statements. This policy was distributed agency wide.

The corrective actions that have been implemented were updated in the policy.

All OPH Time Administrators were required to attend the LDH in-person Time Administrator Training held in Spring 2024.

December 17, 2024

Page 2

OPH Leadership conducted a training with all OPH Time Administrators to review the corrective actions being implemented. OPH will require time administrators meet in-person face to face with all OPH new hires (and transfers) within 7 working days of hire/transfer to provide instruction on employee/supervisor time approval/time certification activities.

In lieu of the current LDH deadline of 10 p.m. Wednesday to certify time and 10 p.m. Wednesday for supervisors to approve time, a new OPH internal deadline has been established for all employees. All OPH employees must have their time certified by 5 p.m. on payroll-week Mondays and all OPH supervisors must have all timesheets approved by 2 p.m. on payroll-week Tuesdays.


Time Administrators will be required to run payroll compliance reports after 2 p.m. on payroll-week Tuesdays and provide notice to non-compliance employees Wednesday morning. Time Administrators will send a notification to staff identified in the report as non-compliant (or to their supervisor) to inform them of the non-compliance and provide a deadline (2 p.m. Wednesday) for the employee to take the needed action.

Telework privileges will be revoked for employees/supervisors who fail to certify/approve time timely for three pay periods. Additionally, they will receive a letter of improvement outlining expectations regarding time certification/approval processes.

You may contact Elizabeth Adkins, Deputy Assistant Secretary, by telephone at (225) 964-2016, or by email at elizabeth.adkins2@la.gov.

Sincerely,

Signed by:



BAE5043244C645F...
Michael Harrington, MBA, MA
Secretary

Signed by:



8458ED079A47436...
Ralph L. Abraham, MD
Surgeon General

APPENDIX B: SCOPE AND METHODOLOGY

We performed certain procedures at the Louisiana Department of Health (LDH) for the period from July 1, 2023, through June 30, 2024, to provide assurances on financial information significant to the State of Louisiana's Annual Comprehensive Financial Report, and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the Annual Comprehensive Financial Report and our work related to the Single Audit of the State of Louisiana (Single Audit) for the year ended June 30, 2024.

- We evaluated LDH's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to LDH.
- Based on the documentation of LDH's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the Annual Comprehensive Financial Report.
- We performed procedures on the Public Health Emergency Preparedness (Assistance Listing 93.069); Immunization Cooperative Agreements (Assistance Listing 93.268); Children's Health Insurance Program (Assistance Listing 93.767); and Medicaid Cluster (Assistance Listings 93.775, 93.777, and 93.778) for the year ended June 30, 2024, as a part of the 2024 Single Audit.
- We performed certain procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards and on the status of prior-year findings for the preparation of the state's Summary Schedule of Prior Audit Findings for the year ended June 30, 2024, as a part of the 2024 Single Audit.
- We compared the most current and prior-year financial activity using LDH's Annual Fiscal Reports and system-generated reports to identify trends and obtained explanations from LDH's management for significant variances.

In addition, we performed certain other procedures for the period July 1, 2022 through June 30, 2024. Our objective was to evaluate certain controls LDH uses to ensure compliance with related laws and regulations over LaCarte transactions. The scope of these procedures was significantly less than an audit conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The purpose of this report is solely to describe the scope of our work at LDH, and not to provide an opinion on the effectiveness of LDH's internal control over financial

reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review LDH's Annual Fiscal Reports, and accordingly, we do not express an opinion on those reports. LDH's accounts are an integral part of the State of Louisiana's Annual Comprehensive Financial Report, upon which the Louisiana Legislative Auditor expresses opinions.