

An Audit of the Deficit Reduction Act (DRA) compliance for Federal Fiscal Year 2017



[Report Number 2018-09]

March 16, 2018



Utah Office of
Inspector General

Gene Cottrell
Inspector General

March 16, 2018

To: Utah Department of Health

Please see the attached report, **An Audit of the Deficit Reduction Act (DRA) compliance for Federal Fiscal Year 2017**, (Report 2018-09). An Executive Summary is included at the inception of this report. The objectives and scope of the audit are explained on page 2 of this report.

Sincerely,

Gene Cottrell
Inspector General
Utah Office of Inspector General

cc: Joseph Miner, Nathan Checketts, Shari Watkins, Emma Chacon, Aaron Eliason, Melanie Henderson,
Tanya Hales & Janica Gines

TABLE OF CONTENTS

Executive Summary	1
Introduction.....	2
Background	2
Objectives and Scope	2
Methodology	3
Conclusion.....	4
Glossary of Terms.....	5
Attachment: Attestation Template form	6
Contact and Staff Acknowledgement	7

EXECUTIVE SUMMARY

Background

The Utah Office of Inspector General (OIG) conducts an annual audit of Medicaid providers who receive at least \$5,000,000 annually from Medicaid, based on the federal fiscal year. The purpose of the audit is to ensure that Medicaid providers have policies and procedures in place to comply with Section 6032 of the Deficit Reduction Act (DRA). Section 4.42 of the Utah State Medicaid Plan outlines the requirement of the audit with the required compliance to Section 6032 of the Deficit Reduction Act.

The Utah OIG verifies establishment of policies and procedures regarding employee and management education of the False Claims Act and reporting fraud, waste and abuse protection for those that report the information.

Audit Objectives

Conduct an audit of Medicaid Providers to determine compliance to Section 6032 of the Deficit Reduction Act as required under State Medicaid Plan 4.42 and Attachment 4.42-A.

Audit Scope

The scope of the audit will cover Federal Fiscal Year 2017, Medicaid payments to providers of \$5,000,000 or more.

Conclusion

All audited providers or providers that received letters of attestations complied with the requirements of the Deficit Reduction Act and State Laws for the scope of the audit.

INTRODUCTION

BACKGROUND

The Utah Office of Inspector General (OIG) conducts an annual audit of Medicaid providers who receive at least \$5,000,000 annually from Medicaid based on the federal fiscal year. The purpose of the audit is to ensure that Medicaid providers have policies and procedures in place to comply with Section 6032 of the Deficit Reduction Act (DRA).

Section 4.42 of the Utah State Medicaid Plan outlines the requirements of the audit with the required compliance to Section 6032 of the Deficit Reduction Act.

Each provider should establish policies and procedures regarding employee and management education of the False Claims Act and reporting of fraud, waste, and abuse. The providers should also establish policies and procedures providing for protection under the law for those that report violations.

The State Medicaid Plan requires providers who receive at least \$5,000,000 annually to submit attestations stating they have policies and procedures to comply with Section 6032 of the DRA and any other applicable state laws. The attestation cycle includes three years, 2017 is the third year in the three-year cycle, as such providers that newly reached the \$5,000,000 in the federal fiscal year attest to their compliance. The State Medicaid plan also requires that the Utah OIG randomly select providers that received at least \$5,000,000 then audit their policies and procedures to ensure they meet the requirements.

OBJECTIVES AND SCOPE

Audit Objectives:

The primary objective of the audit is to:

- Conduct an audit of providers compliance to the Deficit Reduction Act and Utah State Medicaid Plan 4.42 and Attachment 4.42-A

Audit Scope:

The scope of the audit covered providers who received Medicaid annual payments of \$5,000,000 or more during federal fiscal year 2017, or October 1, 2016 to September 30, 2017. Providers subject to the attestation for 2017 were required to sign the "Letter of Attestation".

METHODOLOGY

To comply with the audit requirement of Section 4.42 of the Utah State Medicaid Plan, Utah OIG performed the following:

- Used Medicaid's data warehouse to determine all providers that received at least \$5,000,000 annually from Medicaid in the prior federal fiscal year, or October 1, 2016 to September 30, 2017.
- Randomly selected 10% of the query from the scope period for the annual audit.
- Sent letters to the selected providers requesting the required information.
- Received the requested information back from the providers and verified for compliance.

The second phase of the requirement is sending a letter of attestation to providers who have newly reached the \$5,000,000 in payments during the prior federal fiscal year. To collect the attestations the Utah OIG performed the following:

- Used Medicaid's data warehouse to determine which providers have reached the required \$5,000,000 payment criteria based on the data query and analysis.
- Sent a letter of attestation to providers that reached the criteria for the first time during federal fiscal year 2017, or October 1, 2016 to September 30, 2017.
- Received the letters of attestation from the providers and verified for signatures.

The Utah OIG audited five Medicaid providers based on the data query and analysis. The five audited providers are [REDACTED]

The Utah OIG determined, based on the data query and analysis that twelve providers reached the \$5,000,000 payment amount for the first time, during the federal fiscal year. Utah OIG sent "Letters of Attestation" to and received completed letters from the following:

[REDACTED]

CONCLUSION

Five Medicaid providers that were included in the audit had policies and procedures that complied with the False Claims Act and State Laws pertaining to the Deficit Reduction Act.

Twelve Medicaid providers that were required to attest to the requirements of the False Claims Act and State Laws pertaining to the Deficit Reduction Act, signed letters of attestation in compliance.

All Providers were determined to comply with the requirement of the False Claims Act and State Laws pertaining to the Deficit Reduction Act.

GLOSSARY OF TERMS

<u>Term</u>	<u>Description</u>
DRA	Deficit Reduction Act
OIG	Utah Office of Inspector General

ATTACHMENT: Letter of Attestation

ATTESTATION OF COMPLIANCE

Date of Notice: «Self_Audit_Letter»

Due date: «Revisit_date»

Case number: «Case_Number»

For Federal Fiscal Year (FFY): 2017

(Attest for the previous FFY, for example Oct 1, 2017-Sept 30, 2017 is FFY2017.)

Provider/entity name: «Provider_Provider_Name»

NPI: «Provider_NPI» Utah provider number: «Provider_Medicaid_Number»

Address: «Provider_Preferred_Street_1»
«Provider_Preferred_Street_2»
Street

«Provider_Preferred_City» City	«Provider_Preferred_State» State	«Provider_Preferred_Zipcode» Zip Code
-----------------------------------	-------------------------------------	--

I hereby acknowledge that, as a condition for receiving payments exceeding \$5 million per federal fiscal year, I am familiar with the requirements of the Section 4.42 of the State Plan and 19 U.S.C. § 1902(68). I hereby attest that I have examined the above-named provider/entity's policies and procedures and have found them to be in compliance with these requirements to educate employees and contractors concerning false claims.

I understand that the above-named provider/entity must continue to comply with these provisions to remain eligible for payment under the Utah Social Security Act Medical Assistance Program. I hereby declare that the information contained in this written statement is true and correct to the best of my knowledge and I understand that any false statements I make that I do not believe to be true may subject me to criminal punishment as a class B misdemeanor pursuant to Utah Code Ann. §76-8-504.

Signature of authorized entity representative

Date

Signature of authorized entity representative

Date

Print or type name and title

Fax or email the completed form to:

Email:

dhooper@utah.gov

Fax:

(801) 538-6382

ATTN: Dennis Hooper

U.S. Postal Service:

Utah Office of Inspector General

Attn: Dennis Hooper

PO Box 143103

Salt Lake City, Utah 84114-3103

UPS, FedEx, etc.:

Utah Office of Inspector General

Attn: Dennis Hooper

288 North 1460 West

Salt Lake City, Utah 84116-3231

UTAH OIG CONTACTS AND STAFF ACKNOWLEDGEMENT

UTAH OIG CONTACT



Dennis Hooper
Auditor CIGA

Neil Erickson
Audit Manager

UTAH OIG MISSION STATEMENT

The Utah Office of Inspector General of Medicaid Services, on behalf of the Utah Taxpayer, will comprehensively review Medicaid policies, programs, contracts and services in order to identify root problems contributing to fraud, waste, and abuse within the system and make recommendations for improvement to Medicaid management and the provider community.

ADDRESS

Utah Office of Inspector General
Martha Hughes Cannon Health Building
288 N 1460 W
Salt Lake City, Utah 84116

OTHER

Website: <http://www.oig.utah.gov/>
Hotline: 855.403.7283
