An Audit of Deficit Reduction Act (DRA) Compliance for Federal Fiscal Year 2014

Report Number 2015-08

July 20, 2015

STATE OF UTAH

Gene Cottrell

Interim Manager

Utah Office of Inspector General

July 20, 2015

To: Utah Department of Health

Please see the attached report, Audit of Deficit Reduction Act (DRA) Compliance for Federal Fiscal Year 2014, (Report 2015-08). 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
Interim Manager
Utah Office of Inspector General

cc: David Patton, Michael Hales, Shari Watkins, Emma Chacon, Nate Checketts, Darin Dennis, Aaron Eliason.

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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 Plan outlines the requirements 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 on the False Claims Act and reporting fraud, waste and abuse and protections 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 the State plan 4.42 and Attachment 4.42-A.

Audit Scope:

The scope of the audit will cover Federal Fiscal year 2014 Medicaid payments to providers of $5,000,000 or more.

Conclusion:

All audited providers or providers that received letters of attestation complied with the requirements of the Deficit Reduction Act and State laws.

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 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 the protection under the law of those that report any violations.

The State Plan requires providers that receive at least $5,000,000 to submit attestations stating that 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, 2014 is the last year in the three-year cycle. The State Plan also requires that the Utah OIG randomly select providers then audits 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 Deficit Reduction Act compliance in accordance with Utah State Plan 4.42 and Attachment 4.42-A.

Audit Scope:

The scope of the audit covered providers who received Medicaid payments of $5,000,000 or more during Federal Fiscal year 2014. Providers subject to audit or attestation in 2013 or 2014 were not required to sign an attestation in 2015.

METHODOLOGY

Utah OIG selected Medicaid Providers for the annual audit based on the following criteria:

- 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.
- included the current year information with the prior two years information for the total population.
- randomly selected 10% of the query from the three-year 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 that have reached the $5,000,000 in payments during the prior federal fiscal year. To collect the attestations the Utah OIG:

- used Medicaid's data warehouse to determine which providers have reached the required payment criteria based on the data query and analysis.
- sent a letter of attestation to all providers new to the payment parameters.
- received the letters of attestation from the providers and verified for signatures.

Utah OIG audited six Medicaid providers based on the data query and analysis. The six audited providers were Southwest Center, Select Health Community Care, Healthy U, Woodland Care Center LLC, Heritage Park Care Center and Utah Valley Regional Medical Center.

Utah OIG determined, based on the data query and analysis, that four Medicaid providers received at least $5,000,000 during FFY 2014 and had not previously attested during the current cycle. The following providers received letters of attestation: Uintah Care Center, Delta Dental Insurance Company, Premier Access and Alpine Home Medical Equipment.

The Utah OIG sent an attestation letter or a notice of audit to ten Medicaid providers; three of the addresses were incorrect in the Medicaid System and required follow up in order to serve the provider with the letter of attestation or audit. The Utah OIG referred these providers to Medicaid provider enrollment for further action and follow-up.

CONCLUSION

All six 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.

All four Medicaid providers that received Letters of Attestation signed and returned the letters in compliance with the Deficit Reduction Act and State Laws.

GLOSSARY OF TERMS

The first use of each term is described in the report. This glossary is included to help ensure easier reading.

Term	Description
DRA	Deficit Reduction Act
OIG	Office of Inspector General

ATTACHMENT: Attestation Form

Attestation of Compliance

Date of Notice: March 24, 2015
Due date: May 26, 2015

For Federal Fiscal Year (FFY): 2014
(Attest for the previous FFY, for example Oct 1, 2013-Sept 30, 2014 is FFY2014.)

Provider/entity name: _____

NPI: _____ Utah provider number: _____

Address: _____
Street City State 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

_____
Print or type name and title

Fax or email the completed form to:

Dennis Hooper
Utah Office of Inspector General
Email: dhooper@utah.gov
Fax: 801-538-6382 (ATTN: Dennis Hooper)

UTAH OIG CONTACTS AND STAFF ACKNOWLEDGEMENT

UTAH OIG CONTACT

Dennis M. Hooper
Lead Auditor

Kevin Anderson
Audit Manager

UTAH OIG MISSION STATEMENT

The Utah Office of Inspector General will enhance the integrity of the Utah State Medicaid program by preventing fraudulent, abusive, and wasteful practices within the Medicaid program and recovering improperly expended Medicaid funds while promoting a high quality of patient care.

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