

An Audit of the Deficit Reduction Act (DRA) Compliance for  
Federal Fiscal Year 2015



Report Number 2016-03

June 6, 2016



## Utah Office of Inspector General

STATE OF UTAH

June 6, 2016

To: Utah Department of Health

Please see the attached report, Audit of Deficit Reduction Act (DRA) Compliance for Federal Fiscal Year 2015, (Report 2016-03). An Executive Summary is included at the inception of this report. The objectives and scope of the audit are explained on page 3 of this report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gene Cottrell".

Gene Cottrell  
Inspector General  
Utah Office of Inspector General

cc: Joseph Miner, Nathan Checketts, Shari Watkins, Emma Chacon, Janica Gines, Tonya Hales, Aaron Eliason, Darin Dennis

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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 protections for those that report the information.

### **Audit Objective**

Conduct an audit of Medicaid providers for determination of 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 2015 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

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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. 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 who receive at least \$5,000,000 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, 2015 is the first year in the three-year cycle. The State plan also requires that the Utah OIG randomly select providers then audit their policies and procedures to ensure they meet the requirements.

## OBJECTIVES AND SCOPE

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### Audit Objective:

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 the federal fiscal year 2015. Providers subject to audit or attestation in 2015 were required to sign an attestation for the year.

## METHODOLOGY

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To comply with the audit requirements of the section 4.42 of the Utah State Plan the Utah OIG:

- 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.
- Randomly selected 10% of the query from the current 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 who 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 who met the payment parameters.
- 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 Weber Mental Health Center, Premier Access, McKay Dee Hospital, Chrysalis Utah DDMR and Rocky Mountain Care Clearfield.

The Utah OIG determined, based on the data query and analysis, that 49 Medicaid providers received at least \$5,000,000 during FFY 2014 and had not previously attested during the current cycle.

The Utah OIG originally included Central Utah Mental Health in the audit and the attestation population but upon further review of the data, we determined that they did not receive at least \$5,000,000 in FFY 2015. Upon this discovery, we excluded Central Utah Mental Health from the audit and attestation requirements.

The Utah OIG sent an attestation letter or a notice of audit to all 49 Medicaid providers; two 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

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.

Forty-nine 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. The glossary is included to help ensure easier reading.

Term    Description

OIG      Utah Office of Inspector General

DRA      Deficit Reduction Act

**ATTACHMENT: Attestation Form**

**Attestation of Compliance**

Date of Notice: March 17, 2016

Due date: April 30, 2016

For Federal Fiscal Year (FFY): 2015

(Attest for the previous FFY, for example Oct 1, 2014-Sept 30, 2015 is FFY2015.)

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 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.

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