DEPARTMENT OF HEALTH

Single Audit Management Letter
For the Year Ended June 30, 2019

Report No. 19-06

OFFICE OF THE
STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Jason Allen, CPA, CFE, Senior Audit Manager
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FOR THE YEAR ENDED JUNE 30, 2019

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Finding Type:	Applicable To:
SD Significant Deficiency of Internal Control	f Federal Program
RN Reportable Noncompliance or Illegal Acts	

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SINGLE AUDIT MANAGEMENT LETTER NO. 19-06

December 9, 2019

Joseph K. Miner, M.D., Executive Director
Utah Department of Health
288 North 1460 West
SLC, Utah 84116

Dear Dr. Miner:

This management letter is issued as a result of the Utah Department of Health's (DOH's) portion of the statewide single audit for the year ended June 30, 2019. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is issued under separate cover. We tested the Medicaid Cluster (CFDA # 93.775, 93.777 and 93.778) at DOH.

In planning and performing our audit of compliance of the program listed above, we considered DOH's compliance with the types of compliance requirements subject to audit as described in the *OMB Compliance Supplement* for the year ended June 30, 2019. We also considered DOH's internal control over compliance with the types of requirements described above that could have a direct and material effect on the program tested in order to determine the auditing procedures that were appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of DOH's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to be reported under Uniform Guidance.

Our consideration of internal control over compliance was for the limited purposes described in the second paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material

weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in DOH's internal control over compliance that we consider to be material weaknesses. We did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

We also identified this finding as an instance of noncompliance which we are required to report under the Uniform Guidance.

DOH's written response to and Corrective Action Plan for the finding identified in our audit was not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on it.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of DOH's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the personnel of DOH during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,

Jason Allen, CPA, CFE
Senior Audit Manager
801-808-0716
jasonallen@utah.gov

cc: Nathan Checketts, Deputy Director / Director of Division of Medicaid and Health Financing
Marc E. Babitz, MD, MPH, Deputy Director
Shari A. Watkins, CPA, Chief Administrative Operations Director
Emma Chacon, Division Operations Director of Medicaid and Health Financing
Tonya Hales, Assistant Division Director of Medicaid and Health Financing
Heather Borski, Director, Division of Disease Control and Prevention
Paul Patrick, Director, Division of Family Health & Preparedness
Melanie Henderson, CPA, Director, Internal Audit

FINDING AND RECOMMENDATION

UNTIMELY AND INCOMPLETE VALIDATION OF PROVIDER ELIGIBILITY

Federal Agency: **Department of Health and Human Services**
CFDA Number and Title: **93.778 Medical Assistance Program (Medicaid Title XIX)**
Federal Award Numbers: **Various**
Questioned Costs: $0
Pass-through Entity: N/A
Prior Year Single Audit Report Finding Number: N/A

We sampled 40 providers to determine if the Department of Health (DOH) had properly determined eligibility for the Medicaid program. We noted the following errors related to two of the providers tested:

a. DOH did not revalidate one provider until three years after the required date. Federal regulations (42 CFR 455.414) require state Medicaid agencies to revalidate the enrollment of all providers at least every 5 years or terminate the enrollment. 42 CFR 455.416(d) allows state agency management to override a termination if it is not in the best interest of the Medicaid program, but provides no timeline for revalidating the provider after an extended enrollment. DOH enacted policies in 2018 to better document management overrides and only allow extensions up to 90 days. However, this particular override occurred before the new policies were put into place, and DOH did not adequately follow up on the override. This provider was properly revalidated in May 2019. Lack of timely follow-up on providers who have received an extension in revalidating could lead to the Medicaid Program paying providers who do not meet all of the requirements stipulated for receiving Medicaid funds. We did not question costs associated with this provider because the override in this situation was allowed by federal regulations.

b. For one provider, DOH did not have a signed provider agreement on file as required by 42 CFR 431.107. This error was due to the caseworker's oversight. Without a signed provider agreement on file, DOH cannot ensure that providers meet all eligibility requirements and have made the necessary disclosures, including certification that they have not been suspended or debarred. DOH subsequently received a signed provider agreement from this provider. Also, this provider was enrolled and eligible for the Medicare program, and per 42 CFR.410(c)(1), Medicaid can rely on the Medicare provider screening process. Thus, we did not question costs associated with this provider.

Recommendation:

We recommend that DOH:

a. **Follow its standard operating procedures for revalidating which were established in 2018, including for those providers whose revalidation was overridden before those procedures were put into place.**

b. **Ensure that a signed agreement is on file for each provider.**

DOH's Response:

The Utah Department of Health agrees with this finding.

Corrective Action Plan:

a. *As noted in the finding, Standard Operating Procedures were established and implemented to document and manage any manual overrides after November 2018. Additionally, data analysis was performed to ensure all providers that were overridden in the past are all currently revalidated as required by federal regulations.*

b. *Current procedures include a second checkpoint to make certain all documentation is on file for the provider record before approving the application. Staff will be reminded to pay better attention to this validation process and this will be tracked in our performance measures.*

Contact Person: Shandi Adamson, Bureau Director, Medicaid Operations, 801-538-6308
Anticipated Correction Date: August 2019