



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

October 27, 2014

Thomas J. Barnickel, III, CPA
Legislative Auditor
Office of Legislative Audits
301 West Preston Street
Baltimore, MD 21201

Subject: 2014 Joint Chairman's Report, p. 83 – Status Update of Corrective Actions
Related to the Repeat Audit Findings Contained in the Most Recent Fiscal
Compliance Audit of the Developmental Disabilities Administration

Dear Mr. Barnickel:

Thank you for your letter of June 25, 2014 outlining the JCR requirements for a status report to be submitted by November 1, 2014 on the status of corrective actions related to the repeat audit findings contained in the October 2, 2013 Fiscal Compliance Audit of the Developmental Disabilities Administration, (DDA).

As requested, attached is the DDA status update of corrective actions related to the repeat audit findings as of October 31, 2014. The Developmental Disabilities Administration has now resolved all repeat findings, with the exception of Finding 4. On this finding, the Developmental Disabilities Administration believes that substantial progress has been made, but complete resolution will be dependent on the elimination of Prospective Payment in accordance with Chapter 648 of the Acts of 2014.

If you have any questions, please do not hesitate to contact me or Mr. Thomas V. Russell of my staff at (410) 767-5862.

Sincerely,

Joshua M. Sharfstein, M.D.
Secretary

cc: Bernard A. Simons, Deputy Secretary, DDA
Valerie A. Roddy, Deputy Director, DDA
Rianna P. Matthews- Brown, Acting Chief of Staff, DHMH
Thomas V. Russell, Inspector General, DHMH
Ellwood L. Hall, Assistant Inspector General, Audits, DHMH

October 2, 2014

MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE
DEVELOPMENTAL DISABILITIES ADMINISTRATION
SUMMARY REPORT ON THE STATUS OF LEGISLATIVE AUDIT FINDINGS
2014 JOINT CHAIRMAN'S REPORT, p. 83

<u>Actions Taken to Address Legislative Audit Finding/Recommendation</u>	<u>Point of Contact</u>	<u>Status</u>	<u>Date Resolution Strategy was Implemented or Anticipated Date of Implementation</u>
<i>Finding 1: Developmental Disabilities Administration (DDA) did not have procedures to verify that consumers received services from providers as stipulated in the related individual service plans and that documentation for the consumers' Medicaid eligibility reassessments was obtained. (Repeat)</i>			
We recommend that DDA ensure that consumers receive the stipulated services and that resource/service coordinators perform all required duties. Specifically, we recommend that DDA:			
Finding 1A. Establish procedures to verify, at least on a test basis, that the resource/service coordinators are ensuring that services are provided as required in the individual service plans and that adequate documentation is maintained (Repeat).			
<ul style="list-style-type: none"> • Developed Quick Reference Monitoring and Follow-up Guide for Resource Coordination (RC) Providers • Created procedure to document steps that the DDA will take to verify, on a test basis, that RC Providers are ensuring that services are provided as required in the individual service plans and that adequate documentation is maintained • Developed and implemented PCIS2 Resource Coordination module to record resource coordination activity and enable the DDA to monitor resource coordinators • Defined the Quarterly RC Provider Quality Report format and built queries in PCIS2 to populate data for some of the performance measures in the report • Presented the RC Provider Quality Report format to the Resource Coordinator's Coalition Meeting in April 2014 • Conducted training sessions for resource coordinators on the RC Provider Quality Reports 	Name: Rhonda Workman Telephone: 410-767-8690 Email: rhonda.workman@maryland.gov	DDA: Complete OLA (04/14): In Progress	10/31/14

<u>Actions Taken to Address Legislative Audit Finding/Recommendation</u>	<u>Point of Contact</u>	<u>Status</u>	<u>Date Resolution Strategy was Implemented or Anticipated Date of Implementation</u>
<ul style="list-style-type: none"> Reviewed the first set of provider reports 			
Finding 1B. Monitor its resource/service coordinators to ensure that annual reassessments of consumers are performed, as required by federal regulations (Repeat). <ul style="list-style-type: none"> Created procedure to document the assessment of resource coordinator support for annual waiver reassessments Developed checklist of monitoring activities that resource coordinators must complete to support the annual reassessment of consumers for waiver eligibility Developed an Eligibility Letters Tracking Report to track A02 (loss of waiver eligibility) Codes Sent MMIS Report identifying individuals with waiver issues to resource coordinators and Regional Offices Sent Quarterly Level of Care (LOC) reminders to RC providers Developed an automated email notification in PCIS2 for resource coordinator to notify them of upcoming redeterminations and changes in an individual's eligibility. These notifications are sent out monthly Conducted 10% audit of individuals who lost waiver eligibility 	Name: Rhonda Workman Telephone: 410-767-8690 Email: rhonda.workman@maryland.gov	DDA: Complete OLA (04/14): In Progress	9/30/14
Finding 1C. Determine if eligibility can be restored to the aforementioned 28 consumers and if federal reimbursement can be obtained for services provided to these consumers (Repeat).			
<ul style="list-style-type: none"> Followed up on the 28 individuals who lost waiver eligibility and obtained federal fund reimbursement for individuals reinstated on the waiver 	Name: Terri Hartman Telephone: 410-767-5421 Email: terri.hartman@maryland.gov	DDA: Complete OLA (04/14): In Progress	7/31/14
Finding 3: DDA did not have adequate procedures to ensure that providers submitted all claims for contractual payment system expenditures to obtain subsequent federal fund reimbursements. (Repeat)			

<u>Actions Taken to Address Legislative Audit Finding/Recommendation</u>	<u>Point of Contact</u>	<u>Status</u>	<u>Date Resolution Strategy was Implemented or Anticipated Date of Implementation</u>
We recommend that DDA:			
Finding 3A. Implement a process to ensure that all provider claims for prepaid services under the contractual payment system have been submitted to DDA or MMIS II for federal reimbursement (Repeat).			
<ul style="list-style-type: none"> Developed a procedure ensure provider claims for prepaid services have been submitted for federal fund reimbursement Developed a tracking file to monitor the submission and payment of monthly CMS 1500 forms Consulted with Legal on the ability to withhold payment from providers Created automated email to notify providers of incomplete or inaccurate claims submissions Finalized process to withhold payment from providers who have incomplete or inaccurate claims <ul style="list-style-type: none"> Created memos to notify the Regional Offices and Resource Coordinators Documented steps to withhold payment by DDA Accounting 	Name: Casey Brown Telephone: 410-767-5616 Email: casey.brown@maryland.gov	DDA: Complete OLA (04/14): Not Reviewed	10/15/14
Finding 3B. Follow up on the \$5.2 million in potential federal fund reimbursements to ensure that eligible claims are submitted and processed for federal reimbursement.			
<ul style="list-style-type: none"> Recovered \$2.2M in federal fund reimbursements for eligible claims; the remaining claims have exceeded the two year statutory limitation and cannot be recovered 	Name: Casey Brown Telephone: 410-767-5616 Email: casey.brown@maryland.gov	DDA: Complete OLA (04/14): Not Reviewed	11/15/13
Finding 4: Federal fund reimbursement requests were not made timely, resulting in a loss of interest income of \$262,000. (Repeat)			
Finding 4. We recommend that DDA ensure that future requests for federal fund reimbursements are made in a timely manner (Repeat).			

<u>Actions Taken to Address Legislative Audit Finding/ Recommendation</u>	<u>Point of Contact</u>	<u>Status</u>	<u>Date Resolution Strategy was Implemented or Anticipated Date of Implementation</u>
<ul style="list-style-type: none"> Created a procedure to ensure that provider claims are being submitted timely for federal fund reimbursement Created a process to submit FPS claims on a monthly basis, to ensure claims are being submitted between 30 and 60 days of the date of service Implemented the electronic submission of Behavioral Support Services and Targeted Case Management Claims to ensure timely submission of claims going forward Updated the majority of non-FPS claims in the Denied Claims Processor and resubmitted any eligible claims for reimbursement 	Name: Casey Brown Telephone: 410-767-5616 Email: casey.brown@maryland.gov	DDA: Substantial Progress OLA (04/14): Not Reviewed	10/31/14
Finding 5: DDA did not investigate rejected claims with potential federal fund reimbursements totaling \$2.2 million. (Repeat)			
We recommend that DDA, in conjunction with MCPA:			
Finding 5A. Take immediate action to ensure that rejected federal fund reimbursement claims are timely investigated, resolved, and recovered (Repeat).			
<ul style="list-style-type: none"> Developed a procedure to document steps necessary to investigate rejected federal fund reimbursement claims Created a Denied Claims Processor database to track the status of claims Investigated 36, 194 rejected claims, collecting \$536,112 in federal fund reimbursements 	Name: Casey Brown Telephone: 410-767-5616 Email: casey.brown@maryland.gov	DDA: Complete OLA (04/14): Complete	2/3/14
Finding 5B. Maintain documentation supporting its actions taken to resolve rejected claims (Repeat).			
<ul style="list-style-type: none"> Developed reports within the Denied Claims Processor database to track the status of FPS, Non-FPS, Ineligible, Invalid, Resolved, and Unresolved claims Coordinated with providers to submit previously ineligible claims for resubmittal 	Name: Casey Brown Telephone: 410-767-5616 Email: casey.brown@maryland.gov	DDA: Complete OLA (04/14): Complete	2/3/14
Finding 12: Proper security access controls had not been established over critical PCIS2 data. (Repeat)			

<u>Actions Taken to Address Legislative Audit Finding/ Recommendation</u>	<u>Point of Contact</u>	<u>Status</u>	<u>Date Resolution Strategy was Implemented or Anticipated Date of Implementation</u>
We recommend that DDA establish proper security access controls over critical PCIS2 data. Specifically, we recommend that DDA:			
Finding 12A. Immediately deactivate user logons of terminated employees.			
<ul style="list-style-type: none"> Implemented a monthly review of terminated DDA employees to ensure access to PCIS2 has been removed Implemented process to verify non-DDA users on a monthly basis Modified system functions to deactivate inactive user accounts after 60 days Deactivated logons of terminated employees 	Name: Peter Defries Telephone: 410-767-5573 Email: peter.defries@maryland.gov	DDA: Complete OLA (04/14): Complete	9/18/13
Finding 12B. Grant modification access capabilities to critical data only to individuals with a need for such access (Repeat).			
<ul style="list-style-type: none"> Reviewed and limited PCIS2 modification access to critical individuals 	Name: Peter Defries Telephone: 410-767-5573 Email: peter.defries@maryland.gov	DDA: Complete OLA (04/14): Complete	9/18/13
Finding 12C. Immediately eliminate unnecessary modification access (Repeat).			
<ul style="list-style-type: none"> Removed unnecessary modification access in PCIS2 	Name: Peter Defries Telephone: 410-767-5573 Email: peter.defries@maryland.gov	DDA: Complete OLA (04/14): Complete	9/18/13
Finding 13: Certain security measures over the PCIS2 production database were not in effect. (Repeat)			
We recommend that DDA:			
Finding 13A. Log all critical security related events for the PCIS2 database (Repeat);			
<ul style="list-style-type: none"> Developed a process to conduct independent reviews of all applicable logs 	Name: Peter Defries Telephone: 410-767-5573	DDA: Complete	1/10/12

<u>Actions Taken to Address Legislative Audit Finding/ Recommendation</u>	<u>Point of Contact</u>	<u>Status</u>	<u>Date Resolution Strategy was Implemented or Anticipated Date of Implementation</u>
<ul style="list-style-type: none"> Developed a database to track all critical PCIS2 activity and privileges 	Email: peter.defries@maryland.gov	OLA (04/14): Complete	
Finding 13B. Review all applicable database logs on a timely basis, investigate questionable items, document these reviews and investigations, and retain the documentation for verification purposes (Repeat).			
<ul style="list-style-type: none"> Reviewed database logs regularly to identify critical events requiring investigation Conducted investigations for any critical events 	Name: Peter Defries Telephone: 410-767-5573 Email: peter.defries@maryland.gov	DDA: Complete OLA (04/14): Complete	10/3/13
Finding 13C. Determine if the insecure service is needed and either disable this service or implement appropriate controls to mitigate the security risk of using this service.			
<ul style="list-style-type: none"> Disabled insecure service in PCIS2 that had been previously enabled to allow users to run commands as privileged users 	Name: Peter Defries Telephone: 410-767-5573 Email: peter.defries@maryland.gov	DDA: Complete OLA (04/14): Complete	1/10/12