

Special Review

**Maryland Department of Health
Medical Care Programs Administration
Follow-up Review**

November 2018



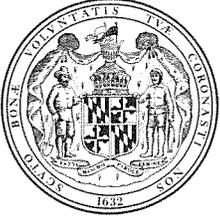
**OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY**

For further information concerning this report contact:

Department of Legislative Services
Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
Phone: 410-946-5900 · 301-970-5900
Toll Free in Maryland: 1-877-486-9964
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLAWebmaster@ola.state.md.us
Website: www.ola.state.md.us

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Thomas J. Barnickel III, CPA
Legislative Auditor

November 8, 2018

Senator Craig J. Zucker, Co-Chair, Joint Audit Committee
Delegate C. William Frick, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a follow-up review of the actions taken by the Maryland Department of Health (MDH) – Medical Care Programs Administration (MCPA) to address the findings in our August 18, 2017 audit report. In that report, we concluded that MCPA’s accountability and compliance rating was unsatisfactory.

MDH provided a status report, as of February 28, 2018, on behalf of MCPA indicating the implementation status of each finding as well as its corrective action plan, including timelines and processes to monitor the implementation of the plan. In summary, MCPA’s status report indicated that 10 findings had been corrected, and additional actions were still required to address the 5 remaining findings.

We performed certain procedures to evaluate the actions taken by MCPA for 8 of the 15 findings. Specifically, we reviewed 5 of the 10 findings which MDH’s status report indicated were corrected and 3 of the 5 findings which MDH’s status report indicated required additional actions. Our review, which was performed during the period from March to June 2018, disclosed that MDH had corrected 3 findings and had made progress but had not resolved 5 other findings (including 3 that MDH reported as corrected).

Exhibit 1 identifies MCPA’s assessed implementation status for all 15 findings, according to its status report, as well as the results of our review for the 8 findings. Exhibit 2 describes, in detail, the 5 findings we determined that MCPA had not corrected. To obtain a thorough understanding of the audit findings and the follow-up status described in Exhibit 2, the August 18, 2017 report should be consulted due to the technical nature of some of these findings.

MDH's status report and response to this report, provided on behalf of MCPA, are included as Appendix A and Appendix B, respectively.

To improve its accountability and compliance rating, MCPA should continue to implement its corrective action plan for all findings and ensure that other areas do not deteriorate. We will review the status of all of the audit findings during our next audit of MCPA. We wish to acknowledge the cooperation extended to us by MCPA during this review.

Respectfully submitted,



Gregory A. Hook, CPA
Acting Legislative Auditor

Exhibit 1

Implementation Status of Findings in the August 2017 MCPA Audit Report

Prior Finding	Status as Determined by MCPA as of February 2018	Status Based on Auditor's Review
Recipient Enrollment		
1. The Medical Care Programs Administration (MCPA) did not assign a temporary enrollment status to 11,153 new enrollees, resulting in delays in placing individuals in Managed Care Organizations (MCOs). Such delays, which were allegedly caused by a computer compatibility issue, resulted in certain associated claims being paid on a fee-for-service basis that would have been paid by an MCO.	Corrected	Corrected
2. The current memoranda of understanding with the Department of Human Services and the Maryland Health Benefit Exchange are not sufficient to ensure that eligibility determinations are timely and proper.	In Progress	N/A
3. MCPA did not take timely follow-up action on questionable enrollee eligibility information it identified and did not ensure that critical eligibility information was properly recorded on the Medicaid Management Information System (MMIS II).	Corrected	In Progress (See Exhibit 2)
4. MCPA did not take timely action to ensure recipients age 65 or older had applied for Medicare as required by State regulations.	Corrected	In Progress (See Exhibit 2)
5. MCPA did not ensure that all reports of potential third-party health insurance for Medicaid recipients were received and properly investigated in a timely manner.	In Progress	Corrected
6. MCPA did not always assess damages against its MCO enrollment broker which continuously failed to meet minimum enrollment levels required by the contract.	Corrected	N/A
Page 1 of 3		

N/A – Not applicable since we did not review the implementation status of this finding.

Note: MCPA's detailed implementation status for each finding is based upon MCPA's status report, as of February 28, 2018, which indicated that 11 findings had been corrected. However, additional clarification of the actions taken to resolve the findings obtained from MCPA ultimately indicated that 10 findings had been corrected as indicated in this Exhibit. The status based on the auditor's review presented by finding in Exhibit 1 was discussed with, and agreed to, by MCPA management personnel.

Exhibit 1
Implementation Status of Findings in the August 2017
MCPA Audit Report

Prior Finding	Status as Determined by MCPA as of February 2018	Status Based on Auditor's Review
Program Oversight – Hospitals and Long-Term Care Providers		
7. MCPA has not conducted required audits of hospital claims processed since calendar year 2007.	In Progress	N/A
8. MCPA did not adequately monitor the vendors responsible for conducting credit balance audits and utilization reviews of long-term care facilities and/or hospitals.	Corrected	In Progress <i>(See Exhibit 2)</i>
Program Oversight – Behavioral Health		
9. MCPA did not monitor the Administrative Service Organization (ASO) to ensure that deficiencies noted during provider audits conducted by the ASO were corrected and related overpayments were recovered.	Corrected	N/A
10. MCPA did not ensure the ASO resolved rejected behavior health claims timely, resulting in the payment of potentially improper claims and lost federal fund reimbursements.	Corrected	Corrected
11. Access controls over the ASO's servers hosting the portal and the web-server software were inadequate, intrusion detection prevention system coverage did not exist for encrypted traffic, and sensitive personally identifiable information (PII) was stored without adequate safeguard.	In Progress	In Progress <i>(See Exhibit 2)</i>
Page 2 of 3		

N/A – Not applicable since we did not review the implementation status of this finding.

Note: MCPA's detailed implementation status for each finding is based upon MCPA's status report, as of February 28, 2018, which indicated that 11 findings had been corrected. However, additional clarification of the actions taken to resolve the findings obtained from MCPA ultimately indicated that 10 findings had been corrected as indicated in this Exhibit. The status based on the auditor's review presented by finding in Exhibit 1 was discussed with, and agreed to, by MCPA management personnel.

Exhibit 1

Implementation Status of Findings in the August 2017 MCPA Audit Report

Prior Finding	Status as Determined by MCPA as of February 2018	Status Based on Auditor's Review
Program Oversight – Dental Benefits		
12. MCPA did not ensure that the former dental benefits administrator was properly administering the dental benefits program and was conducting required provider audits, and did not ensure bank accounts were reconciled, and sensitive data were secured.	Corrected	N/A
Information Systems Security and Control		
13. Sensitive PII within the Electronic Data Interchange Transaction Processing System (EDITPS) database was stored and transmitted without adequate safeguards, and MCPA did not remediate 20 of the 21 security vulnerabilities identified in a consultant's report on EDITPS.	In Progress	In Progress (See Exhibit 2)
Interagency Agreement		
14. MCPA did not obtain documentation to support labor and overhead charges invoiced by the University of Maryland Baltimore County (UMBC), representing 72 percent of amounts billed under the agreement for MCO capitation rate-setting services.	Corrected	N/A
15. MCPA did not authorize UMBC to transmit sensitive Medicaid protected health information to a third-party vendor for data storage and did not ensure UMBC executed a data-sharing agreement with this vendor, as required by federal regulation.	Corrected	N/A
Page 3 of 3		

N/A – Not applicable since we did not review the implementation status of this finding.

Note: MCPA's detailed implementation status for each finding is based upon MCPA's status report, as of February 28, 2018, which indicated that 11 findings had been corrected. However, additional clarification of the actions taken to resolve the findings obtained from MCPA ultimately indicated that 10 findings had been corrected as indicated in this Exhibit. The status based on the auditor's review presented by finding in Exhibit 1 was discussed with, and agreed to, by MCPA management personnel.

Exhibit 2

Detailed Comments on the Findings for Which the Office of Legislative Audits Deemed the Implementation Status to be “In Progress”

Recipient Enrollment

Prior Finding 3

MCPA did not take timely follow-up action on questionable enrollee eligibility information it identified and did not ensure that critical eligibility information was properly recorded on MMIS II. Our test disclosed certain overpayments.

Prior Report Recommendation 3

We recommended that MCPA

- a. conduct timely and documented follow-up of potentially ineligible recipients and recipients with missing social security numbers (SSNs), and ensure their prompt resolution;
- b. generate monthly reports of discrepancies between MMIS II and the Health Benefit Exchange system (HBX) regarding whether recipients were active or deceased;
- c. promptly resolve all discrepancies identified in recipient data recorded in MMIS II and the Client Automated Resource Eligibility System (CARES) or HBX and document follow-up actions taken;
- d. establish procedures to ensure changes to critical recipient eligibility information recorded in MMIS II are subject to supervisory review and approval, at least on a test basis;
- e. develop a mechanism to monitor the timeliness of eligibility changes made by Department of Human Services staff;
- f. review the aforementioned improper claim payments, and take appropriate corrective action, including recovery of overpayments;
- g. document its efforts to monitor the timeliness of eligibility redeterminations and the related follow-up efforts; and
- h. monitor individuals enrolled in age-specific coverage groups and document the related corrective actions.

Auditor’s Assessment of Status – In Progress

MCPA satisfactorily completed recommendations b, e, f, and h. For recommendations a, c, d, and g, while MCPA established procedures to address these recommendations, as of May 2018 the procedures had not been fully implemented. In regard to recommendation a, in April 2018 MCPA generated a

new monthly report of recipients with missing SSNs and forwarded the information to DHS for follow up. As of April 11, 2018, MCPA has not received a response from DHS on the status of any of the 4,851 missing SSN's from this April 2018 report. MCPA had not followed up with DHS on the status of these missing SSN's at the time of our review.

In regard to recommendation c, MCPA generated monthly reports of the discrepancies between MMIS II and HBX that were to be investigated by MCPA personnel, such as reports of discrepancies regarding whether recipients were active or deceased. However, as of May 15, 2018, no review of these monthly reports has been completed and there was no resolution of the noted deficiencies.

In regard to recommendation d, MCPA established a procedure to review changes to critical recipient eligibility information recorded in MMIS II on a test basis. However, not all critical changes were subject to selection for review. Specifically, the procedures only included a review of changes made by MCPA employees to correct discrepancies identified by a daily report of differences between recipient profiles in MMIS II and in CARES or HBX. However, not all changes made to eligibility information resulted from the correction of these discrepancies (for example, an input error that changed a recipient's beginning eligibility date).

In regard to recommendation g, MCPA generated a monthly report identifying upcoming and overdue redeterminations; however, untimely Medicaid redeterminations still remained. Specifically, 64 of the 1,115 redeterminations (approximately 6 percent) on the March 31, 2018 report were overdue for between 60 days and 7 years.

Prior Finding 4

MCPA did not take timely action to ensure recipients age 65 or older had applied for Medicare as required by State regulations.

Prior Report Recommendation 4

We recommended that MCPA

- a. establish a process to ensure recipients age 65 or older have applied for Medicare on a timely basis, as required by State regulations (repeat); and
- b. ensure that DHS terminates the eligibility of recipients who do not reply to Medicare outreach efforts, as appropriate.

Auditor’s Assessment of Status – In Progress

MCPA established procedures to address recommendations a and b but has not fully implemented the procedures. Specifically, on a monthly basis, MCPA generates a report identifying active recipients age 65 and older who are not enrolled in Medicare and forwards the list to the Department of Human Services (DHS) for follow-up and corrective action (such as terminating eligibility of non-compliant recipients). MCPA monitors DHS’s efforts by re-running the report three months later, to determine the status of the previously identified recipients.

The first monthly report was generated by MCPA and submitted to DHS in October 2017 and the subsequent follow-up report was generated and submitted in January 2018. Our review of this follow-up report disclosed that, as of April 2018, 2,345 of the 3,330 cases (70 percent) had not been updated and corrective action had not been taken by DHS. Furthermore, MCPA could not document that they followed up with DHS on its failure to address these recipients as required.

Program Oversight – Hospitals and Long-Term Care (LTC) Providers

Prior Finding 8

MCPA did not adequately monitor the vendors responsible for conducting credit balance audits and utilization reviews of long-term care facilities and/or hospitals.

Prior Report Recommendation 8

We recommended that MCPA ensure that

- a. credit balance audits are performed for all facilities, are sufficiently comprehensive, and cover claims processed in all fiscal years; and
- b. the utilization control agent conducts proper continued stay and medical eligibility reviews of LTC facilities, at least on a test basis.

Auditor’s Assessment of Status – In Progress

MCPA satisfactorily addressed recommendation b but did not completely address recommendation a. Specifically, our review disclosed that credit balance audits were only performed for 167 of the 284 LTC facilities in calendar year 2017, and MCPA had not taken any action to ensure the audits were sufficiently comprehensive and covered claims in all fiscal years.

MCPA is in the process of procuring a new LTC contract which will require credit balance audits for all relevant facilities on an annual basis and for the contractor to provide MCPA with the procedures they intend to use to conduct

credit balance audits. The current LTC contract expired on June 30, 2018 and was extended until March 31, 2019 at a cost of \$2.5 million, with the option to further extend the contract until June 30, 2019 for an additional cost of \$850,000.

Program Oversight – Behavioral Health

Prior Finding 11

Access controls over the ASO’s servers hosting the portal and the web-server software were inadequate, intrusion detection prevention system (IDPS) coverage did not exist for encrypted traffic, and sensitive PII was stored without adequate safeguards.

Prior Report Recommendation 11

We recommended that MCPA

- a. request that the ASO identify and restrict all unnecessary default user account file modification access within the web server for the ASO portal;
- b. request that the ASO implement necessary IDPS coverage for encrypted traffic entering its network (repeat); and
- c. require that the ASO encrypt all files and database objects containing Maryland members’ PII, and mask or truncate social security numbers applicable to Maryland members from online users that do not need to see the full number (repeat).

Auditor’s Assessment of Status – In Progress

MCPA satisfactorily addressed recommendation a, but did not completely address recommendations b and c. In regard to recommendation b, as of April 2018, the ASO was in the process of migrating from its current data center to a new data center. For its current data center, we determined that the ASO only had seven publicly accessible destination addresses in use running the service (versus 79 addresses found during the prior audit). However, the ASO had not yet implemented IDPS coverage over the encrypted traffic to the referenced seven addresses. Specifically, the ASO had not used a host-based IPS software solution for these seven addresses. The ASO was in the process of implementing a network-based decryption device, to use with its network-based IDPS, in order to provide IDPS coverage for encrypted traffic flowing to these seven addresses. As such, the finding has not been completely corrected.

In regard to recommendation c, the ASO has made progress in implementing this recommendation. The ASO has implemented encryption for all PII data storage sighted in the finding. However, the ASO has not implemented a masking or truncating control over certain PII data. Specifically, the ASO is in the process of

implementing a masking control for all Administrative System PII. ASO personnel advised us that the masking control feature has not yet been applied to the data storage library containing the Maryland data, but that the target date for completing this work was September 2018.

Information Systems Security and Control

Finding 13

Sensitive PII within the EDITPS database was stored and transmitted without adequate safeguards, and MCPA did not remediate 20 of the 21 reported security vulnerabilities identified in a consultant's report on EDITPS.

Prior Report Recommendation 13

We recommended that MCPA

- a. perform an inventory of its systems to identify all sensitive PII, determine if it is necessary to retain this PII, and delete all unnecessary PII;
- b. determine if all necessary PII is properly protected by encryption or other substantial mitigating controls;
- c. use approved encryption methods to encrypt all sensitive PII not otherwise properly protected;
- d. use approved encryption methods to encrypt all sensitive PII in transit; and
- e. ensure that all significant vulnerabilities cited in the aforementioned consultant's report are addressed and remediated in a timely manner and that these efforts are documented and retained for future reference.

Auditor's Assessment of Status – In Progress

MCPA satisfactorily addressed recommendations b and c, but did not completely address recommendations a, d, and e. In regard to recommendation a, as noted in the MCPA's status report, MCPA has begun the inventory process for PII identification for all of its systems (beyond EDITPS), but, the process will take some time to complete. Regarding recommendation d, MCPA was reviewing different options that would encrypt the network connection between MDH and the Annapolis Data Center, for handling PII in transit between those locations. Finally, regarding recommendation e, according to the MCPA status report, it has implemented 19 of 21 recommendations made in the consultant's report and is in the process of addressing the two remaining items, pending decisions on related hardware/software upgrades.

Scope, Objectives, and Methodology

We conducted a follow-up review of the actions taken by the Maryland Department of Health (MDH) – Medical Care Programs Administration (MCPA) to address the findings in our August 18, 2017 audit report. In that report, we concluded that MCPA’s fiscal accountability and compliance rating was unsatisfactory.

The purpose of our review was to determine the status of MCPA’s corrective actions to address certain of our audit findings. This review was conducted under the authority of Section 2-1220(a)(4) of the State Government Article and was based on our long-standing practice of performing a follow-up review whenever an agency receives an unsatisfactory rating in its fiscal compliance audit report. The rating system was established, in accordance with State Government Article, Section 2-1221 of the Annotated Code of Maryland, for the purpose of determining an overall evaluation of an agency’s fiscal accountability and compliance with State laws and regulations.

Our review consisted of obtaining a status report from MCPA, as of February 28, 2018, which described the level of implementation of each prior audit report finding, as well as obtaining additional clarification from MCPA of the actions taken to resolve the findings. Our review also consisted of performing tests and analyses of selected information and holding discussions with MCPA personnel as we deemed necessary to determine the status of MCPA’s corrective actions to address selected findings from our August 18, 2017 audit report.

This review did not constitute an audit conducted in accordance with generally accepted government auditing standards. Had we conducted an audit in accordance with generally accepted government auditing standards, other matters may have come to our attention that would have been reported.

Our review was conducted primarily during the period from March to June 2018, and our assessment of the status of MCPA’s corrective actions was performed at the time of our review.

MDH’s response, on behalf of MCPA, to our follow-up review is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise MCPA regarding the results of our review of its response.

APPENDIX A

**Maryland Department of Health
Office of the Inspector General – Division of Audits – Medicaid Audits Unit
MCPA Legislative Audit - Audit Period: July 1, 2012 – June 30, 2015
Quarterly Status Report – Interim Update at February 28, 2018**

Findings Resolved Per Administration Completion Percentage Total Findings <u>15</u> Total Complete Per Program <u>11</u> Percentage Complete <u>73%</u>

FINDING	ADMINISTRATION'S RESPONSE	STATUS PER ADMINISTRATION	OIG FOLLOW-UP
<p>Recipient Enrollment</p> <p>Finding 1 MCPA did not assign a temporary enrollment status to 11,153 new enrollees, resulting in delays in placing individuals in MCOs. Such delays, which were allegedly caused by a computer compatibility issue, resulted in certain associated claims being paid on a fee-for-service basis that would have been paid by an MCO.</p>	<p>a. The Administration concurs. A monthly report is generated that identifies MCO eligible recipients who have not been assigned to an MCO. The system was modified in 2014 and 2015 to correct the defects.</p> <p>b. The Administration concurs. Beginning in July 2016, monthly reports are run of HealthChoice eligible recipients not enrolled in an MCO after 28 days. These reports are reviewed by our Enrollment Unit to ensure those recipients who are not given an enrollment span are legitimate. All reports are retained for auditing purposes.</p>	<p><u>9/30/17</u> 1a. Complete. 1b. The Administration will have a finalized SOP by October 31, 2017 to ensure that eligible recipients are enrolled in an MCO within 28 days.</p> <p><u>12/31/17</u> Complete. The Administration has finalized the SOP to ensure that eligible recipients are enrolled in an MCO within 28 days.</p> <p><u>2/28/2018</u> Complete. SOPs are in place to ensure eligible recipients are enrolled in an MCO within 28 days.</p> <p><u>Process test:</u> SOP was reviewed with HCEU to ensure it was being followed.</p> <p><u>Outcome test:</u> Cases will be reviewed from the monthly report prior to the consumer being manually enrolled by</p>	<p><u>9/30/17</u> OIG performed follow-up audit. Finding has been resolved.</p> <p><u>12/31/17</u> OIG obtained the finalized SOP. Finding is deemed 'resolved' based on follow-up audit, provided the Admin. continues with procedures implemented on a current/monthly basis.</p> <p><u>2/28/18</u> The OIG performed a follow-up audit and considers the finding to be resolved.</p>

Maryland Department of Health
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FINDING	ADMINISTRATION'S RESPONSE	STATUS PER ADMINISTRATION	OIG FOLLOW-UP
		<p>MDH to find out what caused the cases to appear on the report initially. As a result, fixes can be identified to prevent the delay in the future.</p>	
<p>Finding 2 The current memoranda of understanding (MOUs) with DHS and MHBE are not sufficient to ensure that eligibility determinations are timely and proper. (REPEAT)</p>	<p>a. The Administration concurs. The Administration will work with MHBE to modify the MOU by July 2018.</p> <p>b. The Administration concurs. The Administration will work with DHS and MHBE to modify MOUs by July 2018.</p> <p>c. The Administration concurs. The Administration will work to modify MOUs by July 2018.</p>	<p><u>9/30/17</u> The Administration is holding bi-weekly meetings with MHBE and anticipates being on target with the final MOU by July 2018.</p> <p>The Administration provided a modified draft to DHS in September for review and anticipates being on target with the final MOU by July 2018.</p>	<p><u>2/28/18</u> An OIG follow-up audit will occur after the MOUs are finalized.</p>
	<p>d. The Administration concurs. The Administration will work with MHBE to modify the MOU by July 2018.</p>	<p><u>12/31/17</u> The Administration continues to meet with MHBE and anticipates being on target with the final MOU by July 2018</p> <p>The Administration received a modified draft from DHS in December and is reviewing recommendations. We are on target to meet the July 2018 timeline</p>	

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FINDING	ADMINISTRATION'S RESPONSE	STATUS PER ADMINISTRATION	OIG FOLLOW-UP
		2/28/2018 MOUs are still under review at DHS and MHBE. Completion deadline will be before July 2018.	
Finding 3 MCPA did not take timely follow-up action on questionable enrollee eligibility information it identified and did not ensure that critical eligibility information was properly recorded on MMIS II. Our test disclosed certain overpayments.	a. The Administration concurs in part. The federal government prohibits state Medicaid agencies from efforts that “deny or delay services for an otherwise eligible individual pending issuance of verification of the individual’s social security number (SSN) by the Social Security Administration (SSA) or if the individual meets one of the exceptions” 42 CFR 435.910 (f). Three exceptions are listed at sec. 435.910(h): A Medicaid beneficiary is not required to have a SSN if, like many recipients of Emergency Medical Services who are undocumented aliens, the individual is not eligible to receive one. Second, an individual who does not have a SSN and can only obtain one for a “valid non-work reason” can get a Medicaid number without a SSN. There is also an exception for individuals with “well-established religious objections.” Due to	9/30/17 3a. The Administration received a corrective action plan and SOPs from DHS on October 10, 2017 related to missing social security numbers and alerts. We will review it and develop an internal SOP by November 30, 2017 and monitor the reports submitted by DHS on a monthly basis to ensure resolution. 3b. The Administration is having an internal meeting to identify the many divisions that handle deceased cases and anticipate finalizing an SOP by November 30, 2017. 3c. The Administration will have a final SOP by November 30, 2017. 3d. The Administration will have a final SOP by November 30, 2017. 3e. The Administration is working on SOPs to be completed by December 31, 2017.	2/28/18 The OIG is just beginning a follow-up review.

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FINDING	ADMINISTRATION'S RESPONSE	STATUS PER ADMINISTRATION	OIG FOLLOW-UP
	<p>these federal exceptions to the SSN requirement, and relaxation of the former federal requirements that each recipient have a SSN, we can expect to see large numbers of recipients who lack an SSN for a matter of months or during the 90-day reasonable opportunity period, and the small number who are never required to have an SSN as a condition for receiving Medicaid. The MHC continues to implement system enhancements to ensure that recipients' cases close if they do not provide a SSN within the required timeline. System enhancements will continue through 2018.</p> <p>b. The Administration concurs. The Administration implemented reports in June 2016 to confirm and update cases where applicants are found to be deceased.</p> <p>c. The Administration concurs. Standard Operating Procedures (SOP) will be established and implemented by March 2018.</p> <p>d. The Administration concurs. SOPs will be established and implemented by March 2018.</p>	<p>3f. The finding was resolved and MCPA has recovered any inappropriate overpayments.</p> <p>3g. The Administration received a corrective action plan and SOP from DHS on October 10, 2017 regarding the timeliness of eligibility redeterminations. We will review it and develop an internal SOP by November 30, 2017 to monitor the reports submitted by DHS on a monthly basis.</p> <p>3h. The Administration will document its processing procedures regarding age-outs by November 30, 2017.</p> <p><u>12/31/17</u></p> <p>3a. Complete. The Administration has finalized our internal SOP on November 22, 2017 for monitoring missing social security numbers and alerts.</p> <p>3b. Complete. The Administration has finalized our internal SOP as of December 1, 2017 to address the issues and concerns of the divisions handling of deceased cases in both CARES (Client Automated Resource</p>	

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FINDING	ADMINISTRATION'S RESPONSE	STATUS PER ADMINISTRATION	OIG FOLLOW-UP
	<p>e. The Administration concurs. The Administration will develop an audit process to monitor and ensure that coverage group changes by DHS are processed timely. The Administration will implement this process by March 2018.</p> <p>f. The Administration concurs. MCPA has investigated the cases mentioned and has recovered any appropriate overpayments.</p> <p>g. The Administration concurs.</p> <p>h. The Administration concurs.</p>	<p>Eligibility System) and the MHBE (Maryland Health Benefit Exchange).</p> <p>3c. Complete. The Administration has finalized our internal SOP on November 1, 2017 for Certificate Turn-around Documents (CTAD) reporting.</p> <p>3d. Complete. The Administration has finalized our internal SOP on October 20, 2017 for Supervisory Review Summary (SRS) for CTAD processing.</p> <p>3e. Complete. The Administration has finalized our internal SOP on October 24, 2017 for CTAD Processing.</p> <p><u>3g.</u> Complete. The Administration has finalized our internal SOP to resolve overdue redeterminations on November 30, 2017.</p> <p>3h. Complete. SOPs were finalized on October 20, 2017 and December 4, 2017 to document processing and monitoring procedures regarding age-outs.</p>	

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FINDING	ADMINISTRATION'S RESPONSE	STATUS PER ADMINISTRATION	OIG FOLLOW-UP
		<p><u>2/28/2018</u> Complete. Corrective actions are in place.</p>	
<p>Finding 4 MCPA did not take timely action to ensure recipients age 65 or older had applied for Medicare as required by State regulations. (REPEAT)</p>	<p>a. The Administration concurs. DHS is now handling this process and has developed a Corrective Action Plan/Standard Operating Procedure to handle outreach timely. The Administration continues to make significant progress in assuring that applicants apply for Medicare benefits; yet, there are circumstances where recipients 65 years and older do not meet Medicare eligibility requirements, so it is appropriate for Medicaid to pay these claims in full.</p> <p>The state regulation is that the customer age 65 or older must apply for and accept any benefits that they may be eligible for; however, there are factors that contribute to the fact that not all Medicaid recipients over 65 will meet Medicare eligibility.</p> <p>An applicant must present proof from the Social Security Administration the applicant has</p>	<p><u>9/30/17</u> 4a. The Administration received a corrective action plan and SOP from DHS on October 10, 2017 regarding the process for notifying recipients age 65 and older of the requirement to apply for Medicare. We will review it and develop an internal SOP by November 30, 2017 to monitor the reports submitted by DHS on a monthly basis.</p> <p>4b. The Administration received a corrective action plan and SOP from DHS on October 10, 2017 regarding recipients who do not apply for Medicare. We will review it and develop an internal SOP by November 30, 2017 to monitor the reports submitted by DHS on a monthly basis.</p> <p><u>12/31/17</u> 4a/b. Complete. The Administration has finalized our internal SOP on November 14, 2017 to monitor outreach to 65 year and older recipients concerning the COMAR</p>	<p><u>2/28/18</u> The OIG is currently performing a follow-up audit.</p>

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	<p>filed. Although the applicant is required to apply for Medicare Part A, there is no requirement to purchase this benefit; persons may not be eligible for free Part A coverage. Nevertheless, applicants 65 or older must apply for, but may reject this coverage if payment cannot be made.</p> <p>b. The Administration concurs. Auditing functions will be implemented by March 2018.</p>	<p>policy requiring an application for Medicare.</p> <p>Additionally, an SOP was finalized on November 28, 2017 regarding the process for disenrolling and notifying recipients in HealthChoice who turn age 65.</p> <p><u>2/28/18</u> The Administration has developed a streamlined process for both DHS and MDH units to identify, contact and disenroll as appropriate recipients before they turn 65 years old. The new process will be implemented in March 2018. In the meantime, each unit is working its own lists for disenrollment.</p>	
<p>Finding 5 MCPA did not ensure that all reports of potential third-party health insurance for Medicaid recipients were received and properly investigated in a</p>	<p>a. The Administration concurs. Since this audit, the Administration has established a process with MHBE where MHBE is sending TPL referrals to the Division of Recoveries and Financial Services (DRAFS) in the same format as Child Support Services Agency (CSEA).</p> <p>b. The Administration concurs. By working with referral sources to reduce and eliminate duplicate</p>	<p><u>9/30/17</u> Effective immediately, 100% of third party insurance lead information will be entered directly into MMIS, without any investigation/research. Any provider calls will be handled by supervisors. This should allow for substantial reduction of the backlog in insurance referrals. Keying the information into MMIS will be a temporary measure until DMIS</p>	<p><u>9/30/17</u> The OIG performed a follow-up audit. The Administration had implemented the process described in their audit report response, however, this process only resolved approx 1,200 referrals per month of the 30,000 + referrals received every month, thereby resulting in larger and larger cumulative backlog. Per DRAFS unit, approx 80% of the referrals received are</p>

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<p>timely manner. (REPEAT)</p>	<p>referrals, the Administration will be better able to timely verify insurance information. MCPA is including TPL identification and verification in the RFP currently being drafted for the new TPL contract to begin July 1, 2018.</p> <p>c. The Administration concurs. Supervisors are now performing monthly audits to ensure that the work being done is timely and correct, and properly recorded in MMIS II. MCPA is including TPL identification and verification in the RFP currently being drafted for the new TPL contract to begin July 1, 2018. Documentation related to the monthly audits will be retained for future audits.</p>	<p>develops the interface for uploading the leads into MMIS.</p> <p><u>10/06/2017</u> The DRAFS Insurance Unit has instituted quotas for this data entry by staff, which will total approximately 10,000 leads entered monthly. DRAFS receives 30,000-50,000 leads monthly. Without the addition of new staff, entry of these leads cannot be brought current, which is the reason DMIS has been requested to develop the interface. DRAFS was advised that the interface is high priority, but no completion date has been given.</p> <p><u>12/31/17</u></p> <ol style="list-style-type: none"> 1. 22,000- referral have been processed into MMIS. 2. Overtime help was only done for one month, and that staff added an additional 2,000 in the month of November 2017. 3. The total entered into MMIS since we started the project is 24,000. <p>The overtime is currently being done by two (2) staff members from the</p>	<p>legitimate. OIG recommended DRAFS input <u>all</u> 3rd party insurance referrals into MMIS without investigating, and resolve the 20% that are incorrect with the provider after the claims are rejected. The Executive Director (Craig Smalls) sent out a directive to DRAFS to adopt this process. There are still issues on 'catching-up' the backlog based on extremely low input quotas (100 referrals input per day) implemented by DRAFS management, as well as other procedural issues. OIG is still working with DRAFS on a more efficient & effective process to catch-up the backlog. Follow-up review and testing by the OIG is set for December 2017.</p> <p><u>2/28/18</u></p> <p>The OIG is close to completing a follow-up audit and is satisfied with the reduction of the third-party insurance referral backlog. Per discussions with Systems & Planning, the direct system interface will be implemented by end of FY 2018 which is supposed to immediately clear remaining backlog of referrals; and future</p>

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		<p>Insurance Unit and two (2) other workers from another unit.</p> <p>Currently we are backlogged with referrals from the date of May 2016, because we had 30,000 referrals for that one month. We have approximately 6,000 left to eliminate May 2016 and then we will be in June 2016.</p> <p>We have revisited the goal of 100 cases per day to be entered, and did another time study. We have increased the requirement, effective 1/12/17, to 200 cases per day.</p> <p>The entire team has completed their goals on a majority of the days.</p> <p>Further, we are exploring productivity incentives.</p> <p>We continue to work with IT to automate the 270/271 process, which will obviate the need for extensive data entry. Today, 1/12/18, we were given an estimated completion date of 1/31/18. A meeting will be scheduled to meet with OIG to discuss at the end of January.</p>	<p>third-party insurance referrals will be directly entered into MMIS through the system interface.</p>

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		<p><u>2/28/2018</u></p> <ul style="list-style-type: none"> ▪ Currently at the end of August 2016 for manually entering HMS referrals (for some reason HMS did not send us July 2016 reports); all other referrals are up to date; working referrals from January 2018 ▪ Effective 2/12/18 - HBX and CARES referrals automatically dump into MMIS; error report generated for certain triggers that cause them to reject ▪ Effective 2/24/18 - HMS current monthly referrals are automatically dumped into MMIS; getting an error report for certain triggers that cause them to reject ▪ Effective 3/31/18 - HMS current quarterly referrals will automatically dump into MMIS; we will get an error report for certain triggers that cause them to reject <p>Continually working to improve the process and reduce errors/rejects.</p>	
<p>Finding 6 MCPA did not always assess damages against its</p>	<p>The Administration concurs. MCPA did assess damages of approximately \$900,000 for VER shortfalls for the period of July 1, 2008-December 31,</p>	<p><u>9/30/17</u> The enrollment broker functions were transitioned to the Maryland Health Connection in September 2017. The</p>	<p><u>2/28/18</u> The OIG will soon begin a follow-up audit.</p>

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<p>MCO enrollment broker which continuously failed to meet minimum enrollment levels required by the contract. (REPEAT)</p>	<p>2012 in response to a prior OLA audit finding.</p> <p>Beginning in January 2013, despite diligent efforts by the Broker to achieve the contractually required level of performance, MCPA did assess applicable invoice withholds as per the certified penalty tables for the period of January 2013-April 2013. For the period of July 2013-September 2013, MCPA granted the Broker a service level waiver (SLA) including the VER requirement due to the unexpected exit of a managed care plan from the HealthChoice program. The Broker was tasked with enrolling all affected recipients from the exiting plan to another managed care organization within 90 days.</p> <p>Beginning in December 2013, MCPA transitioned approximately 90,000 recipients from the Primary Adult Care (PAC) program to the HealthChoice program as part of the Medicaid expansion through the Affordable Care Act (ACA). Again, the broker was tasked with transitioning recipients from PAC Managed Care Organizations (MCOs)</p>	<p>Administration is developing monitoring tools and an SOP to be completed in March 2018.</p> <p><u>12/31/17</u> The Administration is continuing to develop monitoring tools and an SOP to be completed in March 2018.</p> <p><u>2/28/2018</u> The functionalities of the Enrollment Broker have been consolidated into the MHBE contract which became effective in Sept. 2017. However, since the next OLA compliance audit period covers the period of July 1, 2105 through June 20, 2018, we developed an SOP to address any deficiencies that could potentially occur during the run-out period of the enrollment broker contract. Additionally, we will continue to monitor the EB functionalities as part of the MHBE contract oversight to make sure the vendor hired by MHBE to facilitate MCO enrollment is adhering to all contract performance metrics.</p> <p>Note: The EB did fail to meet voluntary enrollment rates for some of</p>	

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	<p>to HealthChoice MCOs. Subsequently, MCPA granted the Broker a SLA waiver for the month of December 2013.</p> <p>With the advent of the ACA on January 1, 2014 and under the terms of Contract Modification #7 for the period for December 30, 2013 to December 31, 2014, the Broker was granted an SLA waiver related to the emergency circumstances for the work added by Modification #7. The waiver remained in effect until April 2014. Modification #7 in the amount of \$2,000,000 was sought because of technical problems plaguing the Health Information Exchange (HIX), an eligibility and enrollment system operated by the Maryland Health Benefit Exchange, a large number of newly eligible Medicaid recipients who were anticipated to receive assistance with their MCO choice through the HIX instead required assistance through the Broker to select their MCO. As a result, the modification provided increased services on a time and materials basis to those recipients who were unable to select an MCO using the HIX. The</p>	<p>the months during the next OLA review period, but we did assess liquated damages (penalties) per the contract and applied withholds against their monthly invoices. The new SOP is the process we are instituting for the pseudo EB- MHBE's vendor to make sure we are monitoring and evaluating their performance effectively although there is no requirement for voluntary enrollment rate requirements.</p>	

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	<p>Broker was required to provide the following additional services:</p> <ol style="list-style-type: none"> 1. Enrollment packet mailings. 2. Customer Service Representative services related to new enrollments who were unable to select an MCO in the HIX. 3. Customer Service Representative services related to the new PAC annual right to choose period from January 2014 through April 2014, and 4. Ancillary call center services including phone line capacity and other call center infrastructure. <p>At the end of the waiver period in April 2014 and throughout Fiscal year 2015, the Broker continued to receive a substantial increase in the number of newly eligible Medicaid recipients to enroll. More specifically, there were several months during this period in which the Broker received a 60% increase in the number of recipients they were required to enroll which far exceeded enrollment assumptions. Subsequently, the VER was only achieved for one month in FY 2015 as referenced in the auditor's</p>		

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	<p>findings. SLA waivers were granted for the remaining months.</p> <p>It should also be noted on April 1, 2014, the Maryland Health Benefit Exchange approved a resolution to adopt the Connecticut Exchange Platform referred to as "HBX" as the eligibility and enrollment system for the MHC to replace the failing HIX. The HBX was adopted "as is" and only minor changes to notices, system interfaces and branding were possible to meet the goal of implementation by November 15, 2014. Once again, the functionality to enable Medicaid eligible individuals to shop, select and enroll into an MCO did not exist and as such, MCPA required the Broker to assist an increased number of recipients with selecting an MCO.</p> <p>Fiscal years 2014 and 2015 proved to be very challenging for enrolling eligible recipients into the Medicaid Program. More specifically, the ACA created an unanticipated number of eligible recipients, eligibility system transitions, technical glitches and system inefficiencies in the HIX and</p>		

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	<p>HBX led to the development of system workarounds and forced the Broker to make modifications to automated processes, two MCOs joined the HealthChoice program and one MCO exited the Program. These initiatives significantly impacted the Broker's ability to meet the contract requirements and metrics. The Broker has continued to work diligently with MCPA and has made good faith efforts to meet the needs of the Program. As such, MCPA is hereby waiving its right to seek damages for failure to meet service level metrics including the VER requirement under RFP Section 2.2.D.2 and 2.2.D.5 for the referenced months. It should be noted, formal correspondence granting the referenced monthly SLA waivers were issued to the Broker and copies were shared with the Auditor's during the review period and are available upon request. Please also note, the VER requirement no longer remains in the current contract since consumers are able to enroll online.</p>		
<p>Program Oversight - Hospitals and</p>	<p>a. The Administration concurs. Between 2012 and 2017 the Administration made numerous efforts to obtain a qualified</p>	<p><u>9/30/17</u> State Plan Amendment submitted seeking exception to federal regulation</p>	<p><u>2/28/18</u> The OIG is responsible for the RAC RFP and for monitoring the RAC contractor if one is obtained.</p>

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<p>Long-Term Care (LTC) Providers</p> <p>Finding 7 MCPA has not conducted required audits of hospital claims processed since calendar year 2007. (REPEAT)</p>	<p>Recovery Audit Contractor (RAC) that meets federal requirements, including four separate requests for proposal (RFPs). Three of the RFPs returned no qualified applicants. An RFP issued in 2014 led to the award of a contract to a RAC in July 2015; unfortunately, the vendor failed to meet the contractual requirements. After numerous unsuccessful efforts to get the vendor into compliance, the contract was terminated in November 2016. Federal regulations set the requirements for the selection and reimbursement of RACs. The reimbursement is contingency based and the contingency percentage is limited by federal regulations. In addition, Maryland does not permit the results of audit samples to be extrapolated to the entire audit universe. Thus, vendors do not view RAC contracts as financially profitable. To address this issue, the Administration has again made contact with CMS, with the goal of obtaining relief from the</p>	<p>governing Recovery Audit Contractors.</p> <p><u>12/31/17</u> Amendment received permitting exception. New RFP being developed for contractor. OIG initiating reviews.</p> <p><u>2/28/2018</u> The administration was granted an amendment from CMS that allowed relief from contingency-fee ceilings. A new RFP was developed and sent to OPASS; it was recently reviewed by OAG and amendments are being made to it, to be returned to OPASS for a final review and then on to DBM. Hoping to have the RFP issued around April 15, 2018.</p> <p>The OIG has completed a review of one hospital, with recovery amount of \$20,000, and has begun a review of a second hospital.</p>	

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	<p>federal contingency-fee RAC ceilings. Pending the outcome of these discussions, the Administration may develop an alternative approach to obtaining the required audits. Expected completion date for establishing a plan for timely audits, is October 2017.</p> <p>b. The Administration concurs. Such notification will be made to the hospitals no later than September 2017.</p>		
<p>Finding 8 MCPA did not adequately monitor the vendors responsible for conducting credit balance audits and utilization reviews of long-term care facilities and/or hospitals.</p>	<p>a. The Administration concurs. The Administration will monitor the contractor auditing the facilities in accordance with the terms of the RFP/contract to ensure the audits are sufficiently comprehensive and cover claims processed in all fiscal years. Documentation pertaining to the specific audits will be maintained.</p> <p>b. The Administration concurs. The MCPA monitors the UCA based on monthly reports, conducts biweekly random audits of decisions, and meets with the UCA bi-weekly to discuss any discrepancies. In addition, a clinical team made up of doctors</p>	<p><u>9/30/17</u></p> <p>a. In the past, the vendor had been monitored by our Medical Care Program Specialist II. This position has since been upgraded to an Accountant II. The Accountant II will act as the Financial Contract Monitor and will take on the responsibility of monitoring the vendor and we will implement a spreadsheet and an electronic calendar that will track and will notify us of upcoming audit dates. We will maintain a close and constant correspondence with the vendor to nullify this action from duplicating itself.</p>	<p><u>2/28/18</u></p> <p>The OIG follow-up review is in progress for 8a. and completed for 8b. Monitoring procedures of the vendors are in-place.</p>

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	<p>and nurses from both the Administration and the UCA meet monthly to review all resident cases to identify length of stay and discharge expectations.</p> <p>For LTC nursing facilities, the Administration audits monthly invoices for timeliness of reviews, accuracy of clinical decisions, duplication of reviews, and ensures appropriate letters and follow-up was conducted. All reviews not meeting these requirements are denied.</p>	<p>Going forward, we have changed and updated the RFP to ensure that self-audits will no longer exist and all facilities must be physically audited by the vendor. The vendor will have to keep us abreast of all changes in staff to ensure that the audits will be performed in accordance with the RFP.</p> <p>The Contract Monitor and Financial Contact Monitor will follow up with the vendor during the monthly meeting to see what phase we are in with the current audits and how the vendor is working to process the facilities that are behind in the audit process. The vendor has told us that the expected date of completion of the overdue audits will be February 2018 and that they are properly staffed to reach this date of completion.</p> <p>10/06/2017: DRAFS is revising its Credit Balance Audit procedures in several areas: (1) RFP for new TPL vendor contract (to begin 07/01/2018) is being modified to: (1) require annual, on-site audits of facilities</p>	

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		<p>(2) self-audits by facilities are no longer permitted; and (3) the Contract Monitor position has been reclassified as an accountant with audit experience, which will ensure stricter oversight and review of credit balance audits (the position is currently listed by DBM, soliciting applications).</p> <p>b. The MCPA continues to receive and review documentation submitted by the UCA, Telligen. This includes completion verification in Telligen's system Qualitrac and the State's LTSSMaryland system. MCPA and Telligen now meet monthly to discuss clinical decisions as both State clinicians and Telligen clinicians generally concur. The Department has improved its oversight of nursing facility providers by developing new reports and triggers to identify duplicates and errors in LTC reporting.</p> <p><u>12/31/17</u> a. The RFP for a new TPL contract is still being drafted and revised</p>	

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		<p>It will include:</p> <ol style="list-style-type: none"> 1. On-site annual audits at each LTC facility. 2. The successful contractor will be required to provide a schedule of upcoming and completed audits, allowing the contract monitor to stay current with the audits. 3. Shortened lookback period, which will allow for annual audits. 4. Penalties for audits that are not completed timely or are incomplete. <p>Our new Accountant II/Auditor is being trained on the current audit process, as well as the one planned in the new RFP. In addition, the spreadsheet and electronic calendar is presently being created to keep track of upcoming audits.</p> <p>We requested additional audit information from the current contractor, but important current and past audit details still have not been fully provided. I expect them early next week.</p>	

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		<p>b. The MCPA continues to audit reports and clinical decisions monthly. The MCPA and the UCA, Telligen meet in person monthly to discuss on-site visits and complete clinical rounds to discuss high cost, long-term patients.</p> <p><u>2/28/2018</u></p> <p>8a. There is a list of LT Care facilities that are listed in the RFP (pages 559-564). There is a spreadsheet (from HMS) of dates audits have been performed. A calendar of which LTC facilities are to be audited. With the new RFP the contractor will be in control of which facilities receive an audit & when. Verbiage from the RFP stating that ALL LTC facilities will be audited once a year with an onsite audit.</p> <p>December invoices from HMS have been verified and approved. Citibank account statements showing the commercial insurance funds deposited in as well as the transfers into the Bank of America Account have been verified. Copy of Cash Desk showing the posting of each Long-Term Care facility audit payments.</p>	

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		8b. Resolved. See last update. Monitoring continues to take place.	
<p>Program Oversight – Behavioral Health</p> <p>Finding 9 MCPA did not monitor the ASO to ensure that deficiencies noted during provider audits conducted by the ASO were corrected and related overpayments were recovered.</p>	<p>The Administration concurs. Upon receipt of responsibility for monitoring the contract, the MCPA Behavioral Health Unit in collaboration with the Behavioral Health Administration implemented a tracking document which is shared among responsible parties and managed by MCPA to closely monitor recoveries. Documentation will continue to be maintained to support the audits performed by the ASO.</p>	<p><u>9/30/17</u> BHU continues to use the tracking document that was implemented upon obtaining responsibility of the contract. The tracker notifies BHU when it is time to recover overpayments from providers.</p> <p><u>12/31/17</u> This finding has been resolved.</p> <p><u>2/28/2018</u> This finding has been resolved.</p>	<p><u>2/28/18</u> The OIG follow-up review is almost complete.</p>
<p>Finding 10 MCPA did not ensure the ASO resolved rejected behavioral health claims timely, resulting in the payment of potentially improper claims and the loss of</p>	<p>a. The Administration concurs. The Administration receives weekly reports on claims that were processed through the ASO, but rejected by MMIS. These reports have been refined to include communication workflow and to identify specific tasks to reconcile the claims. The Administration and the ASO work collaboratively to ensure that all denied claims are investigated, resolved, and resubmitted in a timely manner.</p>	<p><u>9/30/17</u> All match from the audit period has been reconciled. Medicaid's BHU and Beacon designated staff work any outstanding FFP reconciliation on a weekly basis with a monthly report out. Medicaid's finance team and Beacon have strengthened communication to ensure that trends in spending match authorizations and expectations of utilization. Claims review team prioritizes items that are</p>	<p><u>2/28/18</u> The OIG follow-up review is almost complete.</p>

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federal fund reimbursements.	<p>This includes maintaining a tracking log and email confirmation of completions of resubmissions.</p> <p>b. The Administration concurs. If there was loss of match that was the responsibility of the provider, MCPA would recoup funds from the provider.</p> <p>c. The Administration concurs. MCPA recovered the Federal match from the ASO as per the contract, any loss resulting from ASO error is the responsibility of the ASO.</p>	<p>within 6 months of timely reconciliation requirement.</p> <p>It is notable that prior to 2015 the outstanding FFP match was in excess of 30 million that required work within MMIS and Beacon's system. Since the completion of the previous contract's outstanding reconciliation, our monthly trend is under 4 million (current month is under 2 million).</p> <p><u>12/31/17</u> This finding has been resolved.</p> <p><u>2/28/2018</u> This finding has been resolved.</p>	
Finding 11 Access controls over the ASO's servers hosting the portal and the web-server software were inadequate, intrusion detection prevention system coverage did not exist for encrypted traffic, and sensitive PII was stored without	<p>a. The Administration concurs. On May 9, 2017, the ASO implemented controls to identify and restrict all unnecessary default user account file modification access within the Web server.</p> <p>b. The Administration concurs. The ASO is completing a Proof of Concept to enable cloud based web application firewall capabilities using Akamai. Upon completion of the Proof of Concept the ASO will make a</p>	<p><u>9/30/17</u> BHU and Robert Wagner, OIG, met with the ASO on September 25, 2017 and confirmed via follow up email the same day that recommendation a. and c. have been resolved. Recommendation b. will be implemented by the end of the year, the ASO delivers status reports until complete.</p> <p><u>12/31/17</u> a. Resolved.</p>	<p><u>9/30/17</u> OIG follow-up review in progress.</p> <p><u>2/28/18</u> The OIG will begin a follow-up audit when the administration has completed all aspects of their implementation plan.</p>

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<p>adequate safeguards. (REPEAT).</p>	<p>determination to implement either a cloud based web application firewall solution or an on-premise Web Application Solution to inspect all encrypted traffic.</p> <p>c. The Administration concurs. The ASO migrated all data to a new data center on May 9, 2017 where all information is stored on encrypted SAN that provides full encryption of all Maryland Data. All data from internal disks were moved to the encrypted SAN in this new Data Center.</p>	<p>b. Proof of concept was completed and the ASO decided on the Reverse Proxy Solution using Barracuda WAF. This will be implemented by March 31, 2018.</p> <p>c. Resolved.</p> <p><u>2/28/18</u> a. Resolved. b. Beacon purchased Barracuda WAF and implementation is underway. By 4/1/2018, the ASO will provide updated network diagrams that demonstrate the implementation in the internet network flow by 4/1/2018. c. Resolved.</p>	
<p>Program Oversight – Dental Benefits</p> <p>Finding 12 MCPA did not ensure that the former DBA was properly administering the dental benefits program and was conducting required provider audits, and did not</p>	<p>a. The Administration concurs. We have decided to implement a more proactive solution. Instead of an annual after-the-fact audit, the Administration has employed a dedicated staff person to validate that the Dental Vendor meets all contractual obligations throughout the year; this allows the contract monitor to ensure compliance on an ongoing basis.</p> <p>b. The Administration concurs. The Administration meets weekly with the new Dental Vendor to</p>	<p><u>9/30/17</u> The corrective action stated under 'Administration's Response' is in place and the finding has been resolved.</p> <p><u>12/31/17</u> This finding has been resolved.</p> <p><u>2/28/2018</u> This finding has been resolved.</p>	<p><u>2/28/18</u> The OIG's follow-up review is almost complete. The administration is monitoring the DBA to ensure they are properly administering the dental benefits program.</p>

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<p>ensure bank accounts were reconciled, and sensitive data were secured.</p>	<p>ensure timely resolution of denied claims. On a weekly basis, the vendor sends a file of rejected claims that they have resolved, as well as lists of claims that they cannot resolve. The Administration is in the process of developing a more formalized response to the rejected claims from the DBA.</p> <p>c. The Administration concurs. The Administration, in collaboration with the Dental Vendor, has developed an audit plan and the Contract Monitor reviews the plan weekly. During the weekly call with the Dental Vendor all ongoing audits are discussed and updates noted. The Administration has collaborated with the Vendor to develop a tracker of all audits. The tracker is reviewed on a weekly basis.</p> <p>d. The Administration concurs. The Administration has informed the Dental Vendor that all bank reconciliations must be signed, dated and have any supporting documentation attached that would be needed to confirm the reconciliation amounts.</p>		

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	<p>e. The Administration concurs. As required by the contract, a SOC 2 Type 2 audit is completed annually. The DBA submitted the CY2016 SOC 2 audit to the Administration in May 2017.</p>		
<p>Information Systems Security and Control</p> <p>Finding 13 Sensitive PII within the EDITPS database was stored and transmitted without adequate safeguards, and MCPA did not remediate 20 of the 21 reported security vulnerabilities identified in a consultant's report on EDITPS.</p>	<p>a. The Administration concurs. An inventory of the system, database, and other data stores has been conducted to identify all sensitive PII/PHI information. The Administration has determined that it is necessary to retain the PII/PHI data to perform the functions EDITPS is tasked to execute such as, but not limited to, eligibility verification, claims and encounter processing, eligibility, Department of Corrections matching, etc. The inventory was performed during initial design and development of EDTIPS to support the HIPAA mandate and HIPAA Privacy Rule.</p> <p>b. The Administration concurs with the recommendation but not the finding. The EDITPS PII/PHI data is protected by substantial mitigating controls such as but not limited to secured physical</p>	<p><u>9/30/17</u></p> <p>a. In the process of working on the inventory that was recommended and agreed upon. Inventory will be tedious because all the files are in Annapolis and there is an enormous amount that will have to be reviewed and thoroughly examined.</p> <p>b. Already have a physical security measure in place. Data is secured and under lock and key.</p> <p>c. Still in progress. Researching other options such as what others are doing and searching to see what other companies are using. By doing this, MCPA is looking to improve their system.</p> <p>d. MCPA is looking into 2 options. 1) purchasing different types of software for connect direct. 2) VPN tunnel software or using the VPRN software</p>	<p><u>2/28/18</u></p> <p>The OIG will begin a follow-up audit when the administration has completed all aspects of their implementation plan.</p>

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	<p>access to the server room, locked and secured computer rack, data is stored on a SAN RAID-5 configuration – only the SQL Server is configured to access that LUN where this data is stored. Also, if EDIPTS was compromised, the encrypted data would not prevent access to an adversary.</p> <p>c. The Administration concurs. Use of approved encryption methods are in place for PII/PHI data that is at rest for backups at off-site secure storage. All other PII/PHI data is properly protected.</p> <p>d. The Administration does not concur. Use of approved encryption methods to encrypt all sensitive PII/PHI is in place for files sent or received outside of the MDH Network. As to PII/PHI data transmitted between EDITPS and Annapolis Data Center (ADC) mainframe, the data is transmitted over the private State network. Using software that employs file access controls and proprietary data compression (the data is unreadable) for file</p>	<p>that was suggested by the Auditors in Annapolis.</p> <p>e. There were 21 recommendations. 19 of the 21 have been corrected. Checking to verify that the remain 2 recommendations may need software and hardware upgrades</p> <p><u>12/31/17</u> Update to see if feasible and technically capable to implement an all-encompassing solution to resolve the OLA audit finding 13d (Sensitive PII within the EDITPS database was stored and transmitted without adequate safeguards).</p> <p>OSOP spoke (1/10) with Kevin Naumann (OIT) regarding different options that would encrypt network connection between MDH and ADC. This would include all network data traffic (i.e. rumba, connect direct, ftp, etc.) between the two locations. Kevin's suggestion would be to set-up and IPSec tunnel. In addition, Kevin asked that OSOP reach out to ADC to see if this solution would be</p>	

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	<p>transfer to ADC. The network is a private closed network therefore traffic does not travel through the public internet. Consideration should be made at a State level to upgrade to an encrypted network rather than by each agency.</p> <p>e. The Administration concurs. All significant vulnerabilities cited in the aforementioned consultant's report have been addressed and some of the remediation efforts are still being worked. The recommendations and remediations are documented and retained for future reference.</p>	<p>technically capable to implement on ADC's side.</p> <p>OSOP is coordinating a meeting with ADC technical staff to review this option possible, obtain a Level-of-Effort(LOE), and cost.</p> <p>OSOP will update 13-D after the discussion with ADC.</p> <p><u>2/28/2018</u> 13a. We have begun the inventory process for all of the Medicaid systems. This will take some time to complete.</p> <p>13b. & 13c. are complete.</p> <p>We are also working with the Annapolis Data Center and the Department's Office of Information Technology to secure a private tunnel between MDH and ADC. This should be completed within the next week or two. Once this is done, finding 13d. will be corrected.</p> <p>The remaining items under 13e. are being discussed with OIT. These</p>	

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		<p>pertain to hardware/software upgrades and if we are going this route. OIT may have other suggestions.</p>	
<p>Interagency Agreement</p> <p>Finding 14 MCPA did not obtain documentation to support labor and overhead charges invoiced by UMBC, representing 72 percent of amounts billed during fiscal year 2015 under the agreement.</p>	<p>The Administration concurs. Beginning in FY18, the Administration will periodically request and review payroll expenditure reports to verify information such as the specific UMBC employees who worked on MCPA's projects, their hourly rates, and the number of hours worked. Grant Summary Reports and Grant Detail Reports are also now submitted monthly by UMBC in addition to semi-annual reports.</p>	<p><u>9/30/17</u> Met with OIG for follow-up check-in; follow-up documentation provided.</p> <p>Resolved.</p> <p><u>12/31/17</u> This finding has been resolved.</p> <p>Beginning in FY18, the Administration will periodically request and review payroll expenditure reports to verify information such as the specific UMBC employees who worked on MCPA's projects, their hourly rates, and the number of hours worked. Grant Summary Reports and Grant Detail Reports are also now submitted monthly by UMBC in addition to semi-annual reports.</p> <p><u>2/28/2018</u> This finding has been resolved.</p>	<p><u>2/28/18</u> OIG follow-up review in progress.</p>
<p>Finding 15 MCPA did not authorize UMBC to transmit</p>	<p>a. The Administration concurs. The Administration is currently in compliance with this recommendation. Contract</p>	<p><u>9/29/17</u> Met with OIG for follow-up check-in, follow-up documentation provided.</p>	<p><u>2/28/18</u> OIG follow-up review in progress.</p>

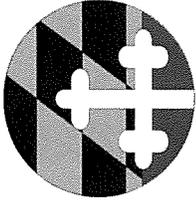
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<p>sensitive Medicaid protected health information to a third-party vendor for data storage and did not ensure UMBC executed a data-sharing agreement with this vendor as required by federal regulation.</p>	<p>provisions requiring written approval are new to the current agreement, which became effective in FY15.</p> <p>Additionally, the Administration formally amended its agreement with UMBC effective October 14, 2016, to include a provision which directly addresses UMBC's ability to archive data at UMBC's designated off-site backup storage facility using its information management vendor.</p> <p>b. The Administration concurs. The Administration has established a comprehensive tracking system for all data exchanges between UMBC and third parties. To support this endeavor, the Administration has developed a new data use agreement template. All data use agreements are executed jointly by the Administration, UMBC, and the third party. The execution of multi-party agreements simplifies the tracking process and ensures all necessary protections are in place.</p>	<p>a. Resolved. The Administration is currently in compliance with this recommendation. Contract provisions requiring written approval are new to the current agreement, which became effective in FY15.</p> <p>Additionally, the Administration formally amended its agreement with UMBC effective October 14, 2016, to include a provision which directly addresses UMBC's ability to archive data at UMBC's designated off-site backup storage facility using its information management vendor.</p> <p>b. Resolved. The Administration has established a comprehensive tracking system for all data exchanges between UMBC and third parties. To support this endeavor, the Administration has developed a new data use agreement template. All data use agreements are executed jointly by the Administration, UMBC, and the third party. The execution of multi-party agreements simplifies the tracking process and ensures all necessary protections are in place.</p>	

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		<u>12/31/17</u> This finding has been resolved. <u>2/28/2018</u> This finding has been resolved.	

APPENDIX B



MARYLAND
Department of Health

Larry Hogan, Governor · Boyd Rutherford, Lt. Governor · Dennis Schrader, Secretary

October 3, 2018

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

Dear Mr. Barnickel,

Thank you for your letter regarding the draft audit report on the Follow-up Review of the Maryland Department of Health – Medical Care Programs Administration to address the findings in your August 18, 2017 audit report. Enclosed is the Department’s response and our current progress with addressing each audit recommendation. I will work with the appropriate Deputy Secretary to promptly address all audit exceptions. In addition, the OIG’s Division of Audits will follow-up on the recommendations and responses to ensure compliance.

If you have any questions or require additional information, please do not hesitate to contact me at 410-767-4639 or Frederick D. Doggett, Inspector General, at 410-767-0885.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Neall", written over a horizontal line.

Robert R. Neall
Secretary

Enclosure

cc: Dennis R. Schrader, Chief Operating Officer, MDH
Dionne R. Washington, Chief of Staff, Health Care Financing, MDH

Exhibit 2

Detailed Comments on the Findings for Which the Office of Legislative Audits Deemed the Implementation Status to be “In Progress”

Recipient Enrollment

Prior Finding 3

MCPA did not take timely follow-up action on questionable enrollee eligibility information it identified and did not ensure that critical eligibility information was properly recorded on MMIS II. Our test disclosed certain overpayments.

Prior Report Recommendation 3

We recommended that MCPA

- a. conduct timely and documented follow-up of potentially ineligible recipients and recipients with missing social security numbers (SSNs), and ensure their prompt resolution;
- b. generate monthly reports of discrepancies between MMIS II and the Health Benefit Exchange system (HBX) regarding whether recipients were active or deceased;
- c. promptly resolve all discrepancies identified in recipient data recorded in MMIS II and the Client Automated Resource Eligibility System (CARES) or HBX and document follow-up actions taken;
- d. establish procedures to ensure changes to critical recipient eligibility information recorded in MMIS II are subject to supervisory review and approval, at least on a test basis;
- e. develop a mechanism to monitor the timeliness of eligibility changes made by Department of Human Services staff;
- f. review the aforementioned improper claim payments, and take appropriate corrective action, including recovery of overpayments;
- g. document its efforts to monitor the timeliness of eligibility redeterminations and the related follow-up efforts; and
- h. monitor individuals enrolled in age-specific coverage groups and document the related corrective actions.

Auditor’s Assessment of Status – In Progress

MCPA satisfactorily completed recommendations b, e, f, and h. For recommendations a, c, d, and g, while MCPA established procedures to address these recommendations, as of May 2018 the procedures had not been fully

implemented. In regard to recommendation a, in April 2018 MCPA generated a new monthly report of recipients with missing SSNs and forwarded the information to DHS for follow up. As of April 11, 2018, MCPA has not received a response from DHS on the status of any of the 4,851 missing SSN's from this April 2018 report. MCPA had not followed up with DHS on the status of these missing SSN's at the time of our review.

In regard to recommendation c, MCPA generated monthly reports of the discrepancies between MMIS II and HBX that were to be investigated by MCPA personnel, such as reports of discrepancies regarding whether recipients were active or deceased. However, as of May 15, 2018, no review of these monthly reports has been completed and there was no resolution of the noted deficiencies.

In regard to recommendation d, MCPA established a procedure to review changes to critical recipient eligibility information recorded in MMIS II on a test basis. However, not all critical changes were subject to selection for review. Specifically, the procedures only included a review of changes made by MCPA employees to correct discrepancies identified by a daily report of differences between recipient profiles in MMIS II and in CARES or HBX. However, not all changes made to eligibility information resulted from the correction of these discrepancies (for example, an input error that changed a recipient's beginning eligibility date).

In regard to recommendation g, MCPA generated a monthly report identifying upcoming and overdue redeterminations; however, untimely Medicaid redeterminations still remained. Specifically, 64 of the 1,115 redeterminations (approximately 6 percent) on the March 31, 2018 report were overdue for between 60 days and 7 years.

MCPA's Response

a. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". MCPA experienced difficulty gaining compliance from DHS offices tasked with follow-up of the report produced by MCPA identifying recipients with missing Social Security Numbers. As an alternative, MCPA successfully solicited assistance from the local health departments (LHD's) with completing this task. As of September 2018, MCPA has processed 2,219 of the 4,851 cases identified by OLA with missing social security numbers. The remaining cases did not require a SSN to initially enroll in Medicaid. These cases include those in the initial six-month certification period, newborns, and customers who are ineligible to receive a SSN because of their Temporary Protected Status (TPS) visas or their applications for asylum.

c. MCPA concurs with the recommendation and the Auditor’s assessment of “in progress”. MDH staff processed 516 discrepancies in March, April, May and June 2018. For death matches, DHS removed 555 individuals from MA cases in CARES; MDH disenrolled 103 customers from MCOs; MDH closed 593 cases when deaths were reported to the MMIS unit; and, MDH staff closed 1,936 cases in the Maryland Health Connection.

As of August 2018, MDH has re-engineered the death file process by creating a master file of State Data Exchange (federal) death files and Vital Records (state) death files. For the individuals who appear on both lists, the cases are assigned to the DHS for closure on CARES. For the cases that appeared on only one list or the other, a list is sent to DHS for household contact (which is required by federal SNAP rules). As with all data files containing cases that need action, MDH monitors monthly the actions taken and the timeliness of those actions by DHS and the other MDH units that were assigned the cases.

d. MCPA concurs with the recommendation and the Auditor’s assessment of “in progress”. MDH conducted SRS reviews monthly, on average, about 140 per month. The CTADs that were sampled were from the automated 8001 file that DHS sends to MMIS each night with the CARES and MHC transactions. As the auditors point out, not sampled are the manually submitted CTADs (from fax and emails). MDH has developed a process to merge the two datasets. In response, MDH now collects both faxed and emailed CTADs and pulls samples of them for supervisory review. An enhancement to the MMIS system has been initiated as well to easily identify any CTADs that are entered as a result of a faxed or emailed request.

g. MCPA concurs with the recommendation and the Auditor’s assessment of “in progress”. MCPA has continued to work with DHS and has made progress reducing the number of overdue redeterminations, as well as the age of overdue cases. By August 2018, the number of overdue redeterminations (overdue by more than 60 days) was reduced by approximately 92% (from 64 to 5). MCPA will continue to work with DHS to develop procedures to ensure timely processing of Medicaid redeterminations in the future.

Prior Finding 4

MCPA did not take timely action to ensure recipients age 65 or older had applied for Medicare as required by State regulations.

Prior Report Recommendation 4

We recommended that MCPA

- a. establish a process to ensure recipients age 65 or older have applied for Medicare on a timely basis, as required by State regulations (repeat); and
- b. ensure that DHS terminates the eligibility of recipients who do not reply to Medicare outreach efforts, as appropriate.

Auditor's Assessment of Status – In Progress

MCPA established procedures to address recommendations a. and b. but has not fully implemented the procedures. Specifically, on a monthly basis, MCPA generates a report identifying active recipients age 65 and older who are not enrolled in Medicare and forwards the list to the Department of Human Services (DHS) for follow-up and corrective action (such as terminating eligibility of non-compliant recipients). MCPA monitors DHS's efforts by re-running the report three months later, to determine the status of the previously identified recipients.

The first monthly report was generated by MCPA and submitted to DHS in October 2017 and the subsequent follow-up report was generated and submitted in January 2018. Our review of this follow-up report disclosed that, as of April 2018, 2,345 of the 3,330 cases (70 percent) had not been updated and corrective action had not been taken by DHS. Furthermore, MCPA could not document that they followed up with DHS on its failure to address these recipients as required.

MCPA's Response

a. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". MCPA has established new standard operating procedures and generates reports monthly identifying active recipients age 65 and older who are not enrolled in Medicare. MCPA's new procedures also include sending letters to Medicaid recipients turning 65. MCPA began submitting monthly reports to DHS identifying active recipients age 65 and older who are not enrolled in Medicaid in October 2017, for follow-up and corrective action. MCPA monitors DHS's efforts by re-running the report every 90 days, to determine the status of the previously identified recipients.

b. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". MCPA has experienced difficulty coordinating the newly enacted

SOP's with DHS and gaining complete compliance with these new procedures. Based on the new procedures, MCPA sent 271 letters in June, and immediately disenrolled 256 recipients from HealthChoice. In September, MCPA analyzed the results of the new procedures, and identified 128 of the 271 (47%) recipients had enroll in Medicare as a result of the letter, and 9 were identified in the excepted group. Approximately 50% (134). were disenrolled/closed from Medicaid as a result of not enrolling in Medicare. MCPA will continue to monitor the closed cases to determine if recipients attempt to enroll in Medicare in subsequent months.

Program Oversight – Hospitals and Long-Term Care (LTC) Providers

Prior Finding 8

MCPA did not adequately monitor the vendors responsible for conducting credit balance audits and utilization reviews of long-term care facilities and/or hospitals.

Prior Report Recommendation 8

We recommended that MCPA ensure that

- a. credit balance audits are performed for all facilities, are sufficiently comprehensive, and cover claims processed in all fiscal years; and
- b. the utilization control agent conducts proper continued stay and medical eligibility reviews of LTC facilities, at least on a test basis.

Auditor's Assessment of Status – In Progress

MCPA satisfactorily addressed recommendation b. but did not completely address recommendation a. Specifically, our review disclosed that credit balance audits were only performed for 167 of the 284 LTC facilities in calendar year 2017, and MCPA had not taken any action to ensure the audits were sufficiently comprehensive and covered claims in all fiscal years.

MCPA is in the process of procuring a new LTC contract which will require credit balance audits for all relevant facilities on an annual basis and for the contractor to provide MCPA with the procedures they intend to use to conduct credit balance audits. The current LTC contract expired on June 30, 2018 and was extended until March 31, 2019 at a cost of \$2.5 million, with the option to further extend the contract until June 30, 2019 for an additional cost of \$850,000.

MCPA's Response

a. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". MCPA has completed work drafting the new RFP and has submitted the procurement to the MDH Office of Procurement and Support Services for processing. OLA's assessment in April 2018 disclosed that the recovery audit contractor had performed 167 of the 284 audits of the Long-Term Care facilities in calendar year 2017. The OIG's assessment in September 2018 demonstrated that the contractor was unable to meet the contract deliverables because they did not have enough staff to perform audits of every facility within the calendar year. While the new RFP is being processed, MCPA has been monitoring the recovery audit contractor to ensure they are performing audits of all facilities, and invoices are being verified. As of September 2018, for calendar year 2018 MCPA has completed 141 audits of Long-Term Care Facilities and is actively completing field work on an additional 68. MCPA has also completed 20 hospital audits and is actively completing field work on an additional 23. OLA has verified that MCPA has ensured that the utilization control agent conducts proper continued stay and medical eligibility reviews of Long-Term Care facilities, during their follow-up review.

Program Oversight – Behavioral Health

Prior Finding 11

Access controls over the ASO's servers hosting the portal and the web-server software were inadequate, intrusion detection prevention system (IDPS) coverage did not exist for encrypted traffic, and sensitive PII was stored without adequate safeguards.

Prior Report Recommendation 11

We recommended that MCPA

- a. request that the ASO identify and restrict all unnecessary default user account file modification access within the web server for the ASO portal;
- b. request that the ASO implement necessary IDPS coverage for encrypted traffic entering its network (repeat); and
- c. require that the ASO encrypt all files and database objects containing Maryland members' PII, and mask or truncate social security numbers applicable to Maryland members from online users that do not need to see the full number (repeat).

Auditor's Assessment of Status – In Progress

MCPA satisfactorily addressed recommendation a. but did not completely address recommendations b. and c. In regard to recommendation b., as of April 2018, ASO was in the process of migrating from its current data center to a new data center. For its current data center, we determined that the ASO only had 7 publicly accessible destination addresses in use running the service (versus 79 addresses found during the prior audit). However, the ASO had not yet implemented IDPS coverage over the encrypted traffic to the referenced seven addresses. Specifically, the ASO had not used a host-based IPS software solution for these seven addresses. The ASO was in the process of implementing a network-based decryption device, to use with its network-based IDPS, in order to provide IDPS coverage for encrypted traffic flowing to these seven addresses. As such, the finding has not been completely corrected.

With regard to recommendation c, the ASO has made progress in implementing this recommendation. The ASO has implemented encryption for all PII data storage sighted in the finding. However, the ASO has not implemented a masking or truncating control over certain PII data. Specifically, the ASO is in the process of implementing a masking control for all Administrative System PII. ASO personnel advised us that the masking control feature has not yet been applied to the data storage library containing the Maryland data, but that the target date for completing this work was September 2018.

MCPA's Response

b. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". Since the auditor's assessment, MCPA completed work encrypting all files and database objects containing Maryland members PII, and masked or truncated social security numbers applicable to Maryland members, from online users. MCPA verified that encryption has been utilized on the SAN and data base objects, to protect sensitive information. The OIG's auditors confirmed this corrective action satisfactorily addressed recommendation C.

c. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". MCPA began the implementation of the IDPS along with a network threat prevention solution in April 2018. MCPA's work related to data obfuscation on the Library containing Maryland data testing is 60% complete. In the interim, the data is not publicly available. All data is housed in hardened vendor computer equipment using identity manager software to manage all access. The vendor computer hardware/software has HIPS enabled to detect any intrusions; access is managed by security administrators. Additionally, all roles are based on discretionary role-based access and ASO personnel only has a very

limited number of individuals with direct database and data center access. All access is monitored regularly and certified periodically. The projected date to have it fully configured and implemented resulting in full resolution of this finding is December 31, 2018.

Information Systems Security and Control

Finding 13

Sensitive PII within the EDITPS database was stored and transmitted without adequate safeguards, and MCPA did not remediate 20 of the 21 reported security vulnerabilities identified in a consultant's report on EDITPS.

Prior Report Recommendation 13

We recommend that MCPA

- a. perform an inventory of its systems to identify all sensitive PII, determine if it is necessary to retain this PII, and delete all unnecessary PII;**
- b. determine if all necessary PII is properly protected by encryption or other substantial mitigating controls;**
- c. use approved encryption methods to encrypt all sensitive PII not otherwise properly protected;**
- d. use approved encryption methods to encrypt all sensitive PII in transit; and**
- e. ensure that all significant vulnerabilities cited in the aforementioned consultant's report are addressed and remediated in a timely manner and that these efforts are documented and retained for future reference.**

Auditor's Assessment of Status – In Progress

MCPA satisfactorily addressed recommendations b and c, but did not completely address recommendations a, d, and e. In regard to recommendation a, as noted in the MCPA's status report, MCPA has begun the inventory process for PII identification for all of its systems (beyond EDITPS), but, the process will take some time to complete. Regarding recommendation d, MCPA was reviewing different options that would encrypt the network connection between MDH and the Annapolis Data Center, for handling PII in transit between those locations. Finally, regarding recommendation e, according to the MCPA status report, it has implemented 19 of 21 recommendations made in the consultant's report and is in the process of addressing the two remaining items, pending decisions on related hardware/software upgrades.

MCPA's Response

a. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". The Administration is in discussions with the DoIT to leverage their resources. The Administration will develop and submit to the DoIT a Statement of Work to request resources. Estimated Completion Date for SOW is October 2018.

d. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". Since the Auditor's assessment the encryption of the network connection between MDH and the Annapolis Data Center, for handling PII in transit between those locations, has been completed.

e. MCPA concurs with the recommendation and the Auditor's assessment of "in progress". MCPA is actively testing corrective actions implemented to insure all vulnerabilities in the consultant's report are addressed.

AUDIT TEAM

Heather A. Warriner, CPA
Audit Manager

R. Brendan Coffey, CPA, CISA
Information Systems Audit Manager

Karen J. Howes
Senior Auditor

J. Gregory Busch
Edwin L. Paul, CPA, CISA
Information Systems Senior Auditor

Mindy R. Garrett
Ian T. Pontius
Staff Auditors