

## Corrective Action Plan

<b>Title:</b>	Designated State Health Programs (DSHP) – Independent Audit	<b>Report Issue Date:</b>	July 13, 2020
<b>Period:</b>	January 2017 through December 2018	<b>CAP Completion Date:</b>	September 1, 2020
<b>Auditor:</b>	Myers and Stauffer LLC		
<b>Division Responsible:</b>	HCA – Financial Services		
<b>Division Contact(s):</b>	Mary Hughes and Vesna Agina		

### Associated Issues:

Findings	Recommendation	Agency Response
<p><b>DY1-</b>For eight of 13 participating entities reviewed, the required signed monthly attestation was not submitted. Five of eight entities, included multiple months on one attestation report. One entity provided attestation reports; however one of the reports was missing the required signature. The other two entities provided attestation reports which included multiple months and one or more reports were missing the required signature.</p> <p><b>DY2-</b> For two of 11 participating entities reviewed, the required signed monthly attestation was not submitted. One entity included multiple months on one attestation report. One entity provided attestation reports; however the reports were missing the required signature and instead the entity provided email approvals for the reports.</p>	<p>On a monthly basis, HCA must collect from Responsible Entities with an approved DSHP the following information for federal claiming purposes:</p> <ul style="list-style-type: none"> <li>Actual monthly costs spent for the approved DSHP</li> <li>Cost documentation to support the Responsible Entity DSHP expenditures</li> </ul> <p>Additionally, Certification and attestation must be obtained by the Responsible Entity CFO or designee.</p>	<ul style="list-style-type: none"> <li>In past years, we allowed counties to provide costs on a quarterly basis primarily because of two reasons: administrative burden of producing monthly reports or reporting system limitations. Starting with CY20, HCA will ensure that participating entities will report costs on a monthly basis.</li> <li>On October 30, 2019, the agency sent an email to the HCA Kidney Disease program manager and requested that the CFO physically signs all monthly reports instead of approving them via email. The DY2 finding regarding email approvals should be resolved and no longer an issue as of October 2019.</li> </ul>
<p><b>DY1-</b> Two of 35 available DSHP expenditures were attributable to unallowable costs per the STCs.</p> <p><b>DY2-</b> One of 35 available DSHP expenditures were attributable to unallowable costs per the STCs.</p>	<p>Per STCs/DSHP claiming protocol, HCA must have procedures in place to ensure that the expenditures reported are allowable.</p>	<ul style="list-style-type: none"> <li>In June 2019, HCA sent an email to the DSHP entities to remind them that salaries and benefits are categorized as administrative costs and do not qualify for federal financial participation (FFP). We asked the entities to exclude all administrative expenditures from their monthly CPE reports. We also made</li> </ul>

		<p>updates to our annual/monthly CPE report and added a tab with a list of unallowable costs as per STC 92 (b).</p> <ul style="list-style-type: none"> <li>By excluding the unallowable costs identified, HCA still did not claim more DSHP FFP on the CMS-64 than what was identified as available funding from the programs.</li> </ul>
<p><b>DY1-</b> Eight expenditures could not be supported because the participating entity was unable to provide the information due to COVID-19 resources limitations. For some expenditures the auditors were able to determine the costs were related to the participating DSHP program; however they were not able to obtain a valid source document supporting the selected transaction.</p> <p><b>DY2-</b> Nine expenditures could not be supported because the participating entity was unable to provide the information due to COVID-19 resources limitations. For some expenditures the auditors were able to determine the costs were related to the participating DSHP program; however they were not able to obtain a valid source document supporting the selected transaction.</p>	<p>Documentation of expenditures for each DSHP should be clearly outlined in supporting documents.</p> <p>Additionally, HCA should:</p> <ul style="list-style-type: none"> <li>Review the CPE form and supporting documentation for accuracy.</li> <li>Ensure the Responsible Entity's CFO or designee's attestation is obtained</li> <li>Inquire with the Responsible Entity if any discrepancies are discovered on the application or supporting documentation</li> <li>If discrepancies exist, ensure that the Responsible Entity submits a revised CPE form</li> </ul>	<ul style="list-style-type: none"> <li>The agency finds it challenging to require DSHP entities to provide supporting documentation in the same reporting manner, because entities vary from state agencies, cities and county governments. Some DSHP entities use different financial payment systems and cannot generate the same expenditure reports. In addition, some entities still use paper files and when asked to produce documentation, many times they have to pull the records from the archives. This is very time consuming and challenging to obtain. During the COVID-19 pandemic and closure of offices, some entities were unable to provide the files that were requested by the auditors, because the source documents were archived in a warehouse. Due to a statewide shutdown, non-essential travel was prohibited.</li> <li>Many claims/expenditures reported by state entities are related to direct client services. Claims are submitted by the providers via ProviderOne system and contain protected health information (PHI). These claims are subject to HIPAA privacy laws and the agency is a HIPAA covered entity. Myers and Stauffer, the contracted independent auditor, is not a HIPAA covered entity. As a result, HCA was unable to share PHI without a valid Data Share Agreement (DSA). At the time of the audit/review, the agency did not have a DSA with Myers and Stauffer. For future audits, the agency will execute a DSA with Myers and Stauffer.</li> </ul>
<p><b>DY1-</b> Sufficient supporting documentation in the amount of \$1,374 could not be obtained for three out of 64 sampled transformation expenditures.</p>	<p>Transformation expenditures should have supporting documentation.</p>	<ul style="list-style-type: none"> <li>During the COVID-19 pandemic and closure of offices, some entities were unable to provide the files that were requested by the auditors, because the source documents were archived in a</li> </ul>

<p><b>DY2-</b> Sufficient supporting documentation in the amount of \$91,818 could not be obtained for 15 out of 55 sampled transformation expenditures.</p>		<p>warehouse. Due to a statewide shutdown, non-essential travel was prohibited.</p> <ul style="list-style-type: none"><li>• Many claims/expenditures reported by state entities are related to direct client services. Claims are submitted by the providers via ProviderOne system and contain PHI. These claims are subject to HIPAA privacy laws and the agency is a HIPAA covered entity. Myers and Stauffer, the contracted independent auditor, is not a HIPAA covered entity. As a result, HCA was unable to share PHI without a valid DSA. At the time of the audit/review, the agency did not have a DSA with Myers and Stauffer. For future audits, the agency will execute a DSA with Myers and Stauffer.</li></ul>
--	--	--