
Secretary of State

State of Oregon

DEPARTMENT OF HUMAN RESOURCES
Medicaid Management Information System Review



Audits Division

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Auditing for a Better Oregon

The Honorable John Kitzhaber
Governor of Oregon
State Capitol Building
Salem, Oregon 97310

Gary Weeks, Director
Department of Human Resources
500 Summer Street NE
Salem, Oregon 97310

This report is on our review of payments made through the Medicaid Management Information System of the Department of Human Resources. We identified control weaknesses resulting in overpayments made to providers during fiscal year 1995-96 that totaled approximately \$1.3 million. The list of overpayments has been turned over to the department for recovery.

The Department of Human Resources agrees with our findings and has responded by developing an action plan to address most of our concerns and to recover most of the overpayments.

The cooperation extended by the management and staff of the Department of Human Resources was commendable and much appreciated.

OREGON AUDITS DIVISION

John N. Lattimer
Director

Fieldwork Completion Date:
August 12, 1997

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SUMMARY

PURPOSE

Medicaid payments are paid through the Medicaid Management Information System (MMIS) of the Department of Human Resources. The purpose of this review was to determine whether MMIS controls were sufficient to ensure that claims paid through the system were appropriate.

BACKGROUND

MMIS is the federally mandated computer system that automates Medicaid claim payments. During fiscal year 1995-1996, approximately 14 million claims totaling \$1.3 billion were paid through MMIS. Within the Department of Human Resources, the Office of Medical Assistance Programs (OMAP) is responsible for Medicaid as well as MMIS. OMAP relies on the complex series of automated controls in MMIS to ensure that payments made through the system conform to current laws and regulations. OMAP receives technical support to maintain and modify MMIS through the Office of Information Systems (OIS) in the Department of Human Resources.

RESULTS IN BRIEF

Specific MMIS controls have been insufficient to ensure appropriate payment of claims. From our limited testing of claims processed through MMIS during fiscal year 1995-96, we identified control weaknesses resulting in overpayments to providers totaling approximately \$1.3 million. These errors included \$420,000 that OMAP inadvertently paid to insure Oregon Health Plan clients who had previously died. In addition, MMIS allowed \$800,000 in overpayments because its controls to limit payments to designated service levels did not function as intended. Furthermore, OIS has been unable to keep up with a growing backlog of MMIS system change requests or to provide necessary system support. As a result, known system errors have gone unresolved for extended periods and cost-effective projects have been inappropriately delayed. The OIS resource inadequacies stem in part from statewide and agency pressures to reduce staffing. In addition, turnover within OIS has resulted in the assignment of less-experienced staff to maintain an increasingly complex and aging MMIS.

RECOMMENDATIONS

We recommend that OMAP and OIS correct faulty system controls or, if it is more cost-effective, implement alternate controls or procedures. In addition, we recommend that

OMAP and OIS provide sufficient staff to ensure the timely resolution of known system errors and to facilitate cost-effective and required system modifications. We also recommend that OMAP recover the \$1.3 million in invalid claims identified by our audit.

AGENCY RESPONSE

The Department of Human Resources agrees with our audit findings and recommendations and has responded by developing an action plan to correct identified weaknesses and recover overpayments.

INTRODUCTION

BACKGROUND

The Department of Human Resources is Oregon's health and social services agency. The department's mission is to help people be independent, healthy, and safe. To achieve its objectives, the department administers more than 200 programs through six divisions and three program offices. The department's Office of the Director provides overall leadership and integration of the several programs, as well as department-wide services such as accounting and information systems.

Under the Office of the Director, the Office of Medical Assistance Programs (OMAP) administers the Medicaid Program for the state of Oregon. OMAP has a legislative mandate to improve the health of Oregonians by expanding access to health coverage. It is working to meet this objective by prioritizing services through a managed care system called the Oregon Health Plan. The Oregon Health Plan currently operates under a Medicaid waiver from the federal government and provides health care coverage to approximately 380,000 Oregonians. The federal government provides approximately 62 percent of the funding for Medicaid with the remaining resources coming from the state.

MEDICAID MANAGEMENT INFORMATION SYSTEM

The Medicaid Management Information System (MMIS) is the federally mandated computer system that automates and manages payment of claims. MMIS is a mainframe application composed of approximately 950 production programs operating within seven subsystems. In order for MMIS to correctly process claims, the subsystems must effectively interact with each other. During fiscal year 1995-96, MMIS processed approximately 14 million claims totaling \$1.3 billion.

The department implemented the MMIS in 1982. Its main component is a copy of the Missouri fee-for-service system that was developed in the late 1970s and then modified to comply with OMAP's specific needs. Since the

implementation of the original system, OMAP has significantly changed MMIS. The most significant modifications were program additions to facilitate the 1994 implementation of the Oregon Health Plan. At that time OMAP added a subsystem to allow for processing and support of managed care claims and contracts. In addition, other changes to both federal and state requirements and programs have required OMAP to frequently alter MMIS.

Ongoing maintenance, operation, and support of MMIS are provided through the department's Office of Information Services (OIS). The Office of Information Services became a centralized function under the Office of the Director in 1996.

INFORMATION SYSTEM CONTROLS

Information system controls are typically classified as either general controls or application controls. General controls are designed to protect the environment in which systems operate. They include procedures that control physical security, system development, and backup and recovery of data, and procedures to ensure appropriate operation of the system. On the other hand, application controls relate to specific processing requirements. Those controls are intended to ensure that there are no errors in the recording, classifying, and summarizing of authorized transactions.

The Medicaid Management Information System relies on established general and application controls to determine whether claims are valid prior to payment of claims. During the claims processing cycle, MMIS performs programmed edit checks that compare claims data with clients' medical histories. In addition, those edits perform various tests that determine whether specific requirements have been satisfied. For example, one-edit checks to see whether clients are eligible for services provided. The system utilizes approximately 360 programmed edit checks while processing claims. Each edit is a unique and integral segment of MMIS computer programming code. Because MMIS programming is very complex, changes to edits usually require significant computer programming resources.

In addition to programmed edit checks, MMIS performs other programmed checks called audits. Programmed audits verify that claim data conform to medical policy. For example, one audit limits payment for certain surgeries to once in a lifetime. Unlike programmed edits, audits are designed to be easily adjusted to fit changing payment criteria. Such adjustments do not require changing MMIS programming code and thus may be performed by OMAP support staff rather than OIS programmers. MMIS currently uses approximately 240 programmed audits.

Edits and audits constitute the majority of the MMIS programmed procedures used to control the claims payment process; therefore, the majority of our tests were related to the various critical edits or audits we identified through our risk assessment. Weak general controls, however, can negate the effectiveness of application controls. Therefore, an important aspect of our audit was to determine whether OIS corrected general control weaknesses identified in a previous audit report.

SCOPE AND METHODOLOGY

The objective of our audit was to determine whether department controls are sufficient to ensure that claims paid through the Medicaid Management Information System comply with current laws, regulations, and policies, thus safeguarding the state's resources.

The scope of our audit included claims paid through MMIS between July 1, 1995, and June 31, 1996.

To gain an understanding of existing controls and related risks, we:

- Reviewed applicable federal and state laws, regulations, and policies;
- Interviewed OMAP, OIS, and other related department personnel;
- Reviewed prior audit workpapers and reports of similar audits from other states and federal regulatory agencies;

- Reviewed the agency's system documentation and procedures; and
- Reviewed the agency's efforts to correct general control weaknesses identified by a previous audit.

To determine whether controls were sufficient to ensure appropriate payment of claims, we developed computer assisted audit techniques to evaluate the effectiveness of selected controls. We designed our tests based on identified risks, materiality, and the ease of verification and recovery of overpayments. In addition, we observed control processes and reviewed agency documents relating to system errors and the resolution of those errors. We also reviewed selected computer controls outlined by current computer control guidelines approved by the Information Systems Audit and Control Association. Furthermore, we reviewed OMAP's MMIS system change requests and alerts as well as OMAP's agency budget and staffing documents.

We verified the reliability and completeness of computer-processed data used in our audit procedures by comparing data amounts with financial records, matching download record totals with reported amounts, and comparing data to documented record layouts. We also provided detail copies of our test results to OMAP for its verification and to facilitate the timely recovery of invalid payments.

We conducted this audit in accordance with generally accepted government auditing standards. We limited our review to those areas specified in this section of the report.

AUDIT RESULTS

OVERPAYMENTS MADE ON BEHALF OF DECEASED CLIENTS

State and federal regulations indicate that payments for services or items provided to clients subsequent to their deaths are not valid. The intent of this regulation is to ensure that funds expended actually benefit the clients' health and welfare and to prevent payment of claims filed by mistake as well as claims that are fraudulent. The Office of Medical Assistance Programs (OMAP) is responsible for ensuring that claims satisfy this rule prior to payment. They are also responsible for ensuring that Medical Management Information System (MMIS) controls are sufficient to detect invalid claims and, if errors are found, to make appropriate recoveries of funds.

OMAP relies on a series of MMIS programmed edits to ensure that it pays only claims for clients who are eligible at the time services are rendered. These edits access information residing within the recipient subsystem containing the clients' eligibility histories. Thus, the effectiveness of the programmed edits depends on reliable and timely eligibility data.

The Department of Human Resources (department), however, determines eligibility for the Oregon Health Plan on a relatively infrequent basis. Clients whose needs may be temporary must demonstrate their eligibility for benefits by submitting applications on a semiannual or annual basis. Other clients, such as the severely mentally impaired, are automatically eligible for medical benefits because of their continuing need. Therefore, the department does not require these clients to resubmit benefit renewal forms on a regular basis. Caseworkers service those clients and update their eligibility records as required. Caseworkers are not always aware of a client's death, however, and without this information they cannot update the system's eligibility records.

A client's death immediately terminates eligibility for medical benefits. The appropriate MMIS eligibility file, however, does not reflect the change in eligibility status until either the caseworker discovers the event or the client

fails to resubmit a required application for Oregon Health Plan benefits. In either case, this time differential increases the risk that OMAP will inappropriately pay claims on behalf of the client.

Monthly managed health care premiums, referred to as capitated payments, are particularly vulnerable to this risk. Managed care clients receive health care services through health care organizations and other contractors paid in advance of providing services. In other words, providers receive health care premiums whether the clients present themselves for service or not. On the other hand, clients covered on a fee-for-service basis must actually receive service from a health care professional before OMAP is billed and the claim paid. Because managed care contracts require payment in advance, MMIS automatically creates and then pays monthly capitated premiums for all enrolled clients whose records indicate eligibility.

Our tests of claims processed during fiscal year 1995-96 found that MMIS inappropriately paid 3,680 claims to health care contractors to insure managed care clients who had previously died. The inappropriate claims for this one-year period totaled approximately \$420,000. We also found that payments for invalid capitated claims routinely continued for several months after clients' deaths. For example, OMAP continuously paid one client's capitation premiums through June 1996 even though the client died in October 1995. Invalid payments for that client totaled approximately \$4,300.

Our testing also indicates that other services have the same risks as capitated health care payments. For example, Portland metropolitan area clients having regular transportation needs may receive bus passes or other transportation through a special OMAP contract with Tri-Met. Each month Tri-Met automatically bills OMAP for the number of rides those clients are scheduled to make. Tri-Met, however, also relies on MMIS eligibility records to verify that clients are eligible for its services. Therefore, when the department does not update eligibility records in a timely manner, invalid claims can be generated through Tri-Met's automated billing process. Our tests found that during our audit period MMIS inappropriately allowed payment for 264 Tri-Met claims totaling approximately \$1,700 on behalf of clients who had died prior to the claimed date of service.

In addition to the just described claims, we identified 242 fee-for-service payments to 86 other providers totaling \$21,310 that failed our date-of-death tests. Our tests revealed that those payments were for a variety of services, and no single provider received more than \$1,600.

Invalid claims such as those identified by our tests may be the result of inadvertent errors or provider abuse. Our tests were not designed to ascertain whether the overpayments were the result of fraud. Therefore, we provided copies of our test results to the Department of Justice Medicaid Fraud Unit for further investigation.

The conditions described above exist because the Department of Human Resources has not implemented controls sufficient to ensure that its clients' eligibility files are updated in a timely manner after its clients' deaths. In addition, OMAP has not implemented controls to identify and then recover invalid claims payments resulting from the untimely eligibility updates. Further discussion regarding insufficient MMIS system support can be found in the Inadequate System Maintenance section starting on page 11 of this report.

Agency Accomplishments

In response to the conditions described above, OMAP is in the process of formulating and implementing a corrective action plan. This plan includes the following:

- Obtaining regular date-of-death data from the Health Division of the Department of Human Resources.
- Implementing ongoing procedures to identify invalid MMIS claims resulting from date-of-death eligibility issues.
- Providing notification to health plan providers of anticipated recoveries of funds.
- Implementing procedures to recover invalid payments made to providers including the \$443,000 specifically identified by our audit.

OMAP estimates that it will complete this action plan by December 1997.

Audit Recommendations

We recommend that OMAP complete the above action plan in its entirety and that it make appropriate restitution to the federal government for its proportionate share of funds. In addition, we recommend that the department implement additional procedures to ensure that its clients' eligibility files are updated in a timely manner and that payment errors that may have resulted are recovered.

OVERPAYMENTS RESULTING FROM INEFFECTIVE PROGRAMMED EDIT CHECKS

According to policy, the department offers some services to clients in only limited quantities. OMAP is responsible for ensuring that controls are sufficient to limit payments for those services to the specified quantities. Furthermore, OMAP is responsible for ensuring that controls are also sufficient to detect claims processing errors in a timely manner and, if such errors are found, make the appropriate recovery of funds.

OMAP relies on MMIS programmed edit checks to satisfy the just described criteria. These programmed checks, called audits, test claims data against established payment criteria. For example, the department's Mental Health and Developmental Disability Services Division established a limit for mental health assessments at 16 units per month per client. To ensure that claims satisfy this criterion, OMAP configured an audit intended to disallow payment for claims that exceed the designated limit.

During our review, we tested seven of the possible 240 programmed edit checks to see if they correctly limited the services as anticipated. We found that none of the audits tested successfully limited claims to the appropriate service level. For example, one audit intended to deny claims after a 40-unit-per-month limit allowed payments for claims that totaled 252 units for one client during a one-month period. As a result, OMAP overpaid the provider of these services \$2,811 for the 212 units of service not allowed according to regulations. Through our tests we identified approximately \$800,000 in recoverable overpayments made to providers during fiscal year 1995-

96 for the seven limitation audits tested. Based on the results of our tests, we concluded that the risk is significant that all 240 MMIS programmed audits may have been faulty for an indefinite period of time.

These invalid claims were paid because MMIS limitation audits were not functioning as intended. Furthermore, OMAP and OIS have not provided system support or controls sufficient to identify and resolve system application errors in a timely manner. A detailed discussion regarding insufficient MMIS system support can be found in the Inadequate System Maintenance section starting on page 11 of this report.

Agency Accomplishments

In response to the conditions described above, OMAP is currently developing procedures to recover the approximately \$800,000 in overpayments specifically identified by our audit.

Audit Recommendations

We recommend that OMAP work quickly to recover the approximately \$800,000 in overpaid claims identified by our audit. We further recommend that OMAP, in conjunction with OIS, make necessary corrections to MMIS to effectively limit services. In addition, we recommend that OMAP and OIS provide sufficient system support, controls, and procedures to identify the full extent of errors caused by faulty limitation audits and recover overpayments when identified.

OTHER CONTROL WEAKNESSES

According to federal and state regulations, claims must be submitted to OMAP within one year of the date service is rendered in order to be valid. In cases where service involves an inpatient hospital stay, the claims must be submitted for payment within one year of the date of hospital discharge. OMAP relies on MMIS programmed edits to ensure that these criteria are met. The edits compare the submission date with the appropriate service date and reject claims failing the criteria.

Our tests revealed that a small number of claims not meeting the above payment criteria were inappropriately paid through MMIS. These few instances, however, totaled approximately \$62,000 for fiscal year 1995-96. Our review of those claims failing our test revealed that the majority of the invalid claims were from nursing home providers. We examined the specific audit responsible for denying such claims and found that it included a provision allowing a two-year window for paying all nursing home claims. Further inquiries confirmed that the edit was altered in 1992 at the request of a Senior and Disabled Services Division manager. Current employees of the division, however, confirmed that the change request was inappropriate and that they assumed that MMIS would currently deny payment for claims submitted past the required one-year deadline.

We also found that OMAP, in conjunction with OIS, did not have sufficient controls to ensure that data processed through MMIS was balanced to inputs. These controls are to prevent errors from occurring during the processing of data and include procedures for balancing application outputs to relevant control totals.

Our review of controls revealed that OMAP does not maintain control logs to facilitate the reconciliation just described. As a result, during one month of our audit we found that several claim batches totaling \$1.4 million were processed and paid twice. OMAP, made aware of the error by providers who detected the mistake, made the appropriate correction and recovered the funds.

Agency Accomplishments

OIS is currently developing controls to prevent batches from being submitted into MMIS more than once. In addition, OMAP is developing procedures to identify and recover claims submitted after one year from the date of service, including the \$62,000 specifically identified by our audit.

Audit Recommendations

We recommend that OMAP and OIS implement in a timely manner the controls as outlined in the Agency Accomplishments section above and that OMAP make appropriate restitution to the federal government for its

proportionate share of funds. In addition, we recommend that OMAP and OIS modify the MMIS edits designed to deny claims submitted past the required time limit to conform with the one-year deadline for all claims.

INADEQUATE SYSTEM MAINTENANCE

OMAP is responsible for handling public resources and for applying those resources both economically and effectively for their intended purpose. Thus, OMAP and OIS are responsible for ensuring that MMIS is secure and adequately maintained. System maintenance includes providing timely system modifications. These modifications involve mandatory adjustments made necessary because of changing state or federal legislation. They also include corrections to resolve system processing errors and system modifications to allow for timely completion of program functions.

The MMIS system changes originate from written system requests that department employees generate as problems or needs are identified. These requests include information regarding the need for proposed changes as well as estimates of associated costs and benefits. Key department managers review the system requests during weekly committee meetings. During these meetings, managers evaluate, prioritize, and refer system requests to OIS for implementation. Requests that are not referred to OIS are maintained on a pending list of projects and are reconsidered during subsequent meetings. Managers prioritize projects according to whether they involve federal or state mandates, have critical deadlines, or include financial benefit. System requests are often based on incomplete information, however, because necessary data are often difficult or costly to derive.

Our examination of outstanding system requests revealed that OIS was not able to perform necessary MMIS system modifications in a timely manner. We found that system requests that when completed would result in significant cost savings go months or even years before OIS is able to address them. For example, part of the 1994 implementation of the Oregon Health Plan included provisions to recover capitated payments of clients who moved out of their service areas. OMAP estimated that

this system modification would save approximately \$135,000 per month. It was not until June 1996, however, that department managers gave the project a priority high enough for OIS to begin work on it. The project was completed in March 1997. The actual recoverable costs resulting from the modification averaged \$108,000 per month for the period from November 1996 through April 1997. Savings that would have resulted from an earlier implementation of the project have not been identified and thus will not be recovered.

We also found that OIS was unable to provide required system support in a timely manner. This support includes resolving known system processing errors and identifying invalid claims that may have resulted from those errors. For example, in July 1996 Oregon Audits Division auditors found evidence that some limitation audits were not working as anticipated. The error was reported to OMAP employees, who performed a preliminary evaluation of the problem. OMAP then generated a system request that was later prioritized as urgent. As of October 1997, however, the system request remained in a pending mode. As was discussed previously in this report, our tests identified recoverable errors totaling approximately \$800,000 that were attributable to the limitation audits issue described above.

The list of unresolved MMIS system requests has been growing. As of May 1997, there were 609 separate pending items. We conclude that current OIS resources are insufficient to resolve the most significant of those requests in a timely manner.

The consequences of untimely system modifications include overpayments to providers, resulting in increased costs to both state and federal governments. In addition, overpayments resulting from unresolved system errors become more difficult to recover as they age. Eventually, claims may become unrecoverable and the resources lost. Furthermore, the federal government's Health Care Financing Administration may find the state out of compliance with regulations regarding programs utilizing MMIS. Noncompliance in turn may result in the assessment of financial penalties against the state.

OMAP, in conjunction with OIS, has not provided adequate system support for MMIS. Excessive delays in

implementing system modifications and resolving system errors result from having insufficient staff assigned to the task. This, in part, results from statewide and agency pressures to reduce staffing. Furthermore, required changes to MMIS relating to the Oregon Health Plan increase the complexity and amount of maintenance required by the system. In addition, staffing turnover within OIS result in the assignment of less-experienced staff to maintain a more complex MMIS. At the same time, OIS staffing levels for MMIS have declined.

Agency Accomplishments

On August 27, 1997, the Office of the Director of the Department of Human Resources granted approval for 12 additional OIS staff positions to maintain MMIS. Recruitment efforts have begun and OIS anticipates filling all positions within one year.

Audit Recommendations

We recommend that OMAP, in conjunction with OIS, provide sufficient staff to ensure timely system support of MMIS. This support should be a level appropriate not only to ensure the timely resolution of required system modifications, but also to facilitate those system changes that are cost-effective. To this end, OMAP should consider using contractors or temporary employees to meet critical needs.

REPORT DISTRIBUTION

This report is a public record and is intended for the information of the Department of Human Resources, the governor of the state of Oregon, the Oregon Legislative Assembly, and all other interested parties.

COMMENDATION

The courtesies and cooperation extended by the officials and staff of the Department of Human Resources were commendable and much appreciated.

AUDIT TEAM

Cathy Pollino, Deputy Director
Neal Weatherspoon, CPA
Philip A. Burger, CPA
Darcy Johnson, CPA
Curtis Hartinger
Ann Takamura

AGENCY'S RESPONSE TO THE AUDIT REPORT

Oregon

DEPARTMENT OF
HUMAN RESOURCES

Human Resources Building

OFFICE OF THE
DIRECTOR

November 25, 1997

John N. Lattimer, Director
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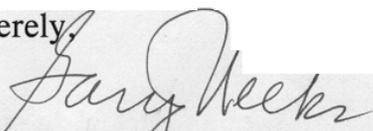
Dear Mr. Lattimer:

This letter is in response to Oregon's Secretary of State Audits Division's draft report on the Medicaid Management Information System (MMIS) of the Department of Human Resources.

The cooperative attitude taken by the Secretary of State auditors is to be commended. The auditors approach enables DHR to build on previously identified strategies and to continue work on a "real time" basis addressing issues identified by the Secretary of State's office and OMAP. Enclosed is the Department of Human Resources' response to the audit findings.

We appreciate this opportunity to review and respond to your draft report.

Sincerely,


Gary Weeks, Director
Department of Human Resources



Hersh Crawford, Director
Office of Medical Assistance
Programs

Enclosures

cc: James McAdler, Statewide Accounting Manager, DAS



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Governor

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SUMMARY

Recommendation: OMAP and OIS correct faulty system controls, or if it is more cost-effective, implement alternate controls or procedures.

● *Agency Response: OMAP has already instituted controls to prevent the majority of batches from being submitted in MMIS for payment more than one time. In addition, we have formally asked the Department's Office of Information Systems to complete programming necessary to ensure that all batches submitted into MMIS for payment cannot be entered more than one time.*

Recommendation: OMAP and OIS provide sufficient staff to ensure the timely resolution of known system errors and to facilitate cost-effective and required system modifications.

● *Agency Response: The department has authorized OMAP to hire 12 additional persons to help ensure an accurate, properly maintained MMIS payment system. OMAP and OIS obtained permission to begin the hiring process in August 1997. These employees will be double filled on existing OIS positions.*

Recommendation: OMAP recover the \$1.3 million in invalid claims identified by our audit.

● *Agency Response: Identified overpayments will be recovered.*

OVERPAYMENTS MADE ON BEHALF OF DECEASED CLIENTS

The Oregon State Audits Division recommends the following corrective action plan:

Obtain regular date-of-death data from the Health Division's Vital Statistics Unit to the Department of Human Resources

Implementing ongoing procedures to identify invalid MMIS claims resulting from date-of-death eligibility issues.

Providing notification to health plan providers of anticipated recoveries of funds.

Implementing procedures to recover invalid payments made to providers including the \$443,000 specifically identified by our audit.

Agency's Response:

- *The Office of Medical Assistance Programs (OMAP) is in the process of recovering funds identified in the audit report.*
- *OMAP has been working with the Health Division's Vital Statistics Unit to provide monthly records which will allow us to more quickly identify deceased clients on our rolls. The Health Division requires an interagency agreement with OMAP before this data can be released.. OMAP is in the process of developing this agreement.*
- *OMAP is drafting a letter to all participating insurance plans and health care providers that identifies the overpayments made to them and seeks recovery.*
- *OMAP will use its Sybase data system to identify overpayments made subsequent to the 1995-96 audit period.*
- *OMAP will notify all branch offices regarding the importance of updating the clients' eligibility file with deceased data.*
- *OMAP estimates this action plan will be completed by February 1998.*

OVERPAYMENTS RESULTING FROM INEFFECTIVE PROGRAMMED EDIT CHECKS

Recommendation: OMAP work quickly to recover the \$800,000 overpaid claims identified by the State Auditors.

● *Agency Response: As part of OMAP's recovery actions, OMAP will notify providers by December 31, 1997, regarding overpayments and our expectations for recovery.*

Recommendation: OMAP, in conjunction with OIS, make necessary corrections to MMIS to effectively limit services.

● *Agency Response: OMAP will review each MMIS programmed audit to determine the extent of potential MMIS audit issues. Because of the complexity of relationships with other MMIS programmed audits, an in-depth review by the OMAP's Office of Information Systems will be required.*

Recommendation: OMAP and OIS provide sufficient system support, controls and procedures to identify the full extent of errors caused by faulty limitation audits and recover overpayments when identified.

● *Agency Response: OMAP staff will continue to review MMIS programs to identify potential overpayments. Staff will generate reports documenting its findings. Identified overpayments will be recovered.*

● *OMAP respectfully disputes the auditors' conclusion, "Based on the results of our tests, we concluded that the risk is significant that all 240 MMIS programmed audits may have been faulty for an indefinite period of time." Previous performance reviews of these 240 audits by OMAP have found a high level of accuracy. While OMAP does not dispute that the seven (7) audits tested by the auditors appear to be working incorrectly, these audits are of a particular type and function in a narrow program area.*

OTHER CONTROL WEAKNESSES

Recommendation: OMAP and OIS implement controls to prevent batches from being submitted into MMIS more than once.

● *Agency Response: OMAP has already instituted controls to prevent the majority of batches from being submitted in MMIS for payment more than one time. In addition, we have formally asked the Department's Office of Information Systems to complete programming necessary to ensure that all batches submitted into MMIS for payment cannot be entered more than one time.*

Recommendation: OMAP and OIS modify the MMIS edits designed to deny claims submitted past the required time limit to conform with the one-year deadline for all claims

● *Agency Response: OMAP has brought this issue to the attention of Senior and Disabled Services Division (SDSD) policy staff. The state auditor's findings have been forwarded to SDSD for review and determination of recovery.*

● *OMAP has formally requested the Department's Office of Information Systems to modify the MMIS programmed time limitation edit to ensure claims submitted past the required one year time limitation will be denied.*

● *Using the Sybase data, OMAP reports will be created to identify incorrectly paid claims.*

INADEQUATE SYSTEM MAINTENANCE

Recommendation: OMAP, in conjunction with OIS, provide sufficient staff to ensure timely system support of MMIS.

● *Agency Response: The department has authorized OIS to hire 12 additional persons to help ensure an accurate, properly maintained MMIS payment system. OMAP and OIS obtained permission to begin the hiring process in August 1997. These employees will be double filled on existing OIS positions. The department must ultimately present a plan to the legislative Emergency Board to resolve these double fills.*

● *To date we have completed the recruitment and interview process for all positions and three (3) positions have been filled. While OMAP continues with the hiring process, given the current hiring environment, salary structure, and competitiveness of System positions, the remaining positions may be difficult to fill. It is also difficult to retain qualified personnel in these positions.*

● *In researching other alternatives to ensure timely systems support, OMAP and OIS have found that contractors and temporary staff are either not available or command hourly rates at 2-3 times the state salary structure, and for the most part do not have the knowledge of the MMIS system to adequately perform needed tasks without significant training.*

FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The mission of the Audits Division is to “Protect the Public Interest and Improve Oregon Government.” The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

DIRECTORY OF KEY OFFICIALS

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This report is intended to promote
the best possible management of public resources.



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Auditing to Protect the Public Interest and Improve Oregon Government