



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

RICK SNYDER  
GOVERNOR

NICK LYON  
DIRECTOR

January 8, 2018

Rick Lowe, Chief Internal Auditor  
Office of Internal Audit Services  
George W. Romney Building  
111 South Capitol, 8<sup>th</sup> Floor  
Lansing, Michigan 48913

Dear Mr. Lowe:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached are the summary table identifying our responses and corrective action plans to address recommendations contained within the Office of the Auditor General's Performance Audit of Medicaid Ambulance, Dental, and Emergency Room Claim Payments.

Questions regarding the summary table or corrective action plans should be directed to me at 517-373-1508 or MyersP3@michigan.gov.

Sincerely,

Pam Myers, Director  
Bureau of Audit, Reimbursement, and Quality Assurance

PM:kk

Enclosure

c: Office of the Auditor General	House Appropriations Committee
House Fiscal Agency	House Standing Committee
Senate Fiscal Agency	Senate Appropriations Committee
Executive Office	Senate Standing Committee
DHHS, Nick Lyon	DHHS, Farah Hanley
DHHS, Nancy Vreibel	DHHS, Geralyn Lasher
DHHS, Kathy Stiffler	DHHS, Karla Ruest

PERFORMANCE AUDIT OF MEDICAID AMBULANCE, DENTAL, AND  
EMERGENCY ROOM CLAIM PAYMENTS

DEPARTMENT OF HEALTH AND HUMAN SERVICES

JANUARY 8, 2018

AUDIT RESPONSE

Approved: \_\_\_\_\_

*Farah A. Hanley*

Farah A. Hanley, Senior Deputy Director  
Department of Health and Human Services

Date: \_\_\_\_\_

*1/8/2018*



## AUDIT REPORT SUMMARY

DEPARTMENT: Health and Human Services  
AUDIT PERIOD: October 1, 2013 through June 30, 2016  
REPORT DATED: August 1, 2017

### DISPOSITION OF AUDIT RECOMMENDATIONS

<u>CITATIONS COMPLIED WITH</u>	<u>CITATIONS TO BE COMPLIED WITH</u>	<u>CITATIONS DCH DID NOT AGREE WITH</u>
Finding 1		
	Finding 2 (3/24/2018)	

**Audit Response  
Performance Audit  
Medicaid Ambulance, Dental, and Emergency Room Claim Payments  
Department of Health & Human Services  
October 1, 2013 through June 30, 2017**

Recommendation 1:     Improved controls needed over emergency room E/M claim reimbursements.

The OAG recommended that MDHHS implement controls to ensure that it reimburses emergency room E/M services claims at the appropriate rate.

Response:

MDHHS staff sent a provider alert on August 28, 2017 to all Medicaid enrolled providers subscribed in the MDHHS' web listserv that reinforced the specific Medicaid program's policy on the billing of ED attending services. MDHHS staff also posted the provider alert message content on the MDHHS Provider Support webpage for ongoing provider and billing notification.

In September 2017, MDHHS staff contacted the health system that accounted for a majority of the billing related issues and provided applicable guidance for reporting these services to the health system's billing department supervisor. Additionally, MDHHS staff contacted the Emergency Department Physician's group that staffs the health system emergency rooms and provided the billing staff with the individual policy and billing guidance related to this issue.

Recommendation 2:     Controls over nonemergency ambulance transport services claim reimbursements need improvement.

The OAG recommended that MDHHS improve its process to verify the eligibility of nonemergency ambulance transport services claims.

Response:

MDHHS staff issued a provider-L letter that reminded Medicaid-enrolled ambulance providers of Fee-For-Service requirements of a physician's written order for scheduled, medically necessary, non-emergency ambulance transportation as defined in Medicaid policy. Additionally, the provider-L letter reminded the providers that failure to comply with the policy may result in denial of payment or recoupment of funds.

MDHHS staff has completed analysis of variables needed to flag ambulance claims for predictive modeling. MDHHS needs to perform additional work to set thresholds, test, and implement new edits that will flag claims. CHAMPS release is expected in March 2018.