



STATE OF MICHIGAN

GRETCHEN WHITMER  
GOVERNOR

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
LANSING

ROBERT GORDON  
DIRECTOR

September 18, 2019

Rick Lowe, Chief Internal Auditor  
Office of Internal Audit Services  
George W. Romney Building  
111 South Capitol Avenue, 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 the Oversight and Encounter Claim Integrity of the Comprehensive Health Care Program.

Questions regarding the summary table or corrective action plans should be directed to me at 517-241-4237 or MyersP3@michigan.gov.

Sincerely,

Pam Myers, Director  
Bureau of Audit

PM:kk

Enclosure

c: Office of the Auditor General  
House Fiscal Agency  
Senate Fiscal Agency  
Executive Office  
DHHS, Elizabeth Hertel  
DHHS, Farah Hanley

House Appropriations Committee  
House Standing Committee  
Senate Appropriations Committee  
Senate Standing Committee  
DHHS, Katherine Massey  
DHHS, Emily Schwarzkopf

PERFORMANCE AUDIT OF THE  
OVERSIGHT AND ENCOUNTER CLAIM INTEGRITY OF THE  
COMPREHENSIVE HEALTH CARE PROGRAM

DEPARTMENT OF HEALTH AND HUMAN SERVICES

MAY 1, 2019

AUDIT RESPONSE

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

Date: 9/17/19



## **AUDIT REPORT SUMMARY**

DEPARTMENT: Medical Services Administration

AUDIT PERIOD: October 1, 2014 through May 31, 2017

REPORT DATED: May 1, 2019

### **DISPOSITION OF AUDIT RECOMMENDATIONS**

CITATIONS  
COMPLIED WITH

CITATIONS TO BE  
COMPLIED WITH

CITATIONS DHHS  
DID NOT AGREE WITH

Finding 1 (10/1/2019)

Finding 2 (1/1/2020)

Finding 3 (5/23/19)

**Audit Response**  
**Performance Audit**  
**Oversight and Encounter Claim Integrity of the**  
**Comprehensive Health Care Program**  
**Department of Health and Human Services**  
**October 1, 2014 through May 31, 2017**

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**Recommendation 1:**     Monitoring of Medicaid Health Plan encounter claim data and supporting medical records needed.

The OAG recommended that MDHHS implement a process to help ensure that encounter claims are properly supported by medical records and accurately represent the medical services provided.

**Response:**

MDHHS will work with the MHP to ensure that their monitoring protocols adequately address the completeness and accuracy of services provided. MDHHS will review the MHP's monitoring processes and subsequent results as part of its scheduled onsite compliance reviews.

The compliance review process will be enhanced in FY2020 to further monitor this activity by requiring submission of policies and procedures used by the health plan for this purpose. The process will require that medical records are signed and dated, medical records are retained for 10 years, and medical records are compared against claims to confirm appropriate information was included on the claim.

**Recommendation 2:**     Activation and development of certain CHAMPS edits needed.

The OAG recommended that MDHHS activate and develop edits to identify and reject improper and duplicate encounter claims to help ensure the accuracy of capitation rates and the amount that the State pays to MHPs.

**Response**

MDHHS has developed, tested, and activated the edit to reject MHP potential duplicate encounter claims as of 4/1/2019. MDHHS is working on improvements to this edit with an expected completion of 12/13/19.

MDHHS has developed, tested, and activated edits to reject encounter claims where the beneficiary date of death is before the date of service as of 6/1/2019.

MDHHS has developed edits to reject encounter claims for providers that have been sanctioned or have a date of death before the date of service and after testing is complete MDHHS plans to activate these edits on 1/1/2020.

MDHHS has developed edits to reject encounter claims with inappropriate diagnosis codes and has activated these edits for informational purposes only. MDHHS plans to evaluate these edits and determine if any improvements need to be made prior to activating the edits to reject encounter claims.

**Recommendation 3:**     Oversight of the Benefits Monitoring Program needs improvement.

The OAG recommended that MDHHS improve its processes for identifying BMP candidates and ensuring that BMP enrollees are properly evaluated and monitored.

**Response**

MDHHS has added additional data to the BMP process to enhance the overall BMP system. MDHHS and the MHPs will use this data to enhance its tracking, reviewing, and monitoring of BMP enrollees.

The Managed Care Plan Division started working with the BMP staff in May 2019 to monitor MHPs through the compliance review process to ensure that they initiated and enforced proper interventions for their BMP enrollees. MDHHS will work with the MHPs and require corrective actions from those MHPs who have not enforced interventions. MDHHS has also created a report to monitor beneficiaries who have been disenrolled prior to the 24-month enrollment requirement and is being used to monitor when and if beneficiaries are disenrolled prior to 24 months.