

Office of the Auditor General
Performance Audit Report

Medicaid Home Help Program
Michigan Department of Health and Human Services

December 2020

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The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



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Report Summary

Performance Audit

Report Number:
391-0708-19

Medicaid Home Help Program (HHP)

Michigan Department of Health and Human Services (MDHHS)

Released:
December 2020

HHP pays for in-home personal care services to Medicaid clients with functional limitations resulting from a medical or physical disability or cognitive impairment who live in a setting other than a hospital, nursing facility, licensed foster care home, mental institution, or home for the aged. Personal care services assist clients with activities of daily living (i.e., eating, toileting, bathing, grooming, dressing, transferring, and mobility); instrumental activities of daily living (i.e., medication, meal preparation, shopping, laundry, and light housework); and complex care services (i.e., colostomy care, suctioning, range of motion, and wound care). From October 1, 2017 through September 30, 2019, HHP services were provided to 69,285 clients with expenditures totaling \$706 million.

Audit Objective			Conclusion
Objective: To assess the effectiveness of MDHHS's efforts in administering HHP.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
MDHHS overpaid 43.1% of the provider payments that we reviewed, resulting in potential overpayments totaling \$39.4 million (\$13.9 million General Fund/general purpose) (Finding #1).	X		Agrees
MDHHS improperly paid providers \$645,318 for service dates in which the client or provider no longer met eligibility requirements (Finding #2).		X	Agrees
MDHHS continued to pay 1,223 providers a total of \$2.7 million in fiscal year 2019 after notification that the providers' tax year 2018 W-2 forms were returned as undeliverable, a potential indicator of provider fraud and abuse (Finding #3).		X	Agrees
MDHHS missed opportunities to potentially reduce the \$1.2 million in reimbursements it made to the Michigan Unemployment Insurance Agency relating to provider unemployment benefit claims (Finding #4).		X	Agrees

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Doug A. Ringler, CPA, CIA
Auditor General

December 11, 2020

Mr. Robert Gordon, Director
Michigan Department of Health and Human Services
South Grand Building
Lansing, Michigan

Dear Mr. Gordon:

This is our performance audit report on the Medicaid Home Help Program, Michigan Department of Health and Human Services.

Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

ADMINISTERING HHP

BACKGROUND

The Michigan Department of Health and Human Services (MDHHS) administers the Medicaid Home Help Program (HHP), which allows Medicaid beneficiaries to receive personal care services in their homes.

Eligibility

To qualify as an HHP client, an individual must be an active Medicaid beneficiary; obtain a certification of medical need from a Medicaid-enrolled medical professional (e.g., a physician); and have a need for personal care services based on a comprehensive assessment of the client's ability to perform activities of daily living (ADLs) and instrumental activities of daily living (IADLs). To be approved for services, the MDHHS adult services worker (ASW) completing the client's comprehensive assessment must indicate a functional need for at least 1 ADL of 3 or higher on a five-point scale, with 1 being independent and 5 being dependent. The ASW allocates time for each task assessed at a 3 or higher based on the average time and frequency required for its completion.

ADL eligible services are limited to eating, toileting, bathing, grooming, dressing, transferring, and mobility. IADL eligible services are limited to medication, meal preparation, shopping, laundry, and light housework. Also, clients whose diagnoses or conditions require more management are eligible for complex care services, such as colostomy care, suctioning, range of motion, and wound care.

HHP providers must be at least 18 years of age and may be an individual such as a relative, friend, or neighbor or an approved HHP agency provider. A client's spouse or a parent caring for a minor child cannot be a provider.

Monitoring

The ASW is required to meet face-to-face with the client for six-month reviews and annual redeterminations of the client's assessment, service plan, and satisfaction with the delivery of services. Also, the ASW must contact the providers, either by telephone or face-to-face, during the six-month reviews and annual redeterminations.

HHP clients have employer authority, defined by the Centers for Medicare and Medicaid Services as an arrangement in which clients have the decision-making authority to recruit, hire, train, and supervise their service providers.

Payments

MDHHS generally pays individual providers minimum wage and agency providers minimum wage plus an additional amount to cover employer taxes. Also, although the client is considered the employer in an individual provider arrangement, MDHHS acts as a filing agent and pays the employer's share of Federal Insurance Contributions Act (FICA) taxes and Federal

Unemployment Tax Act (FUTA) taxes on behalf of the client. MDHHS remits these taxes, together with the employee's share of FICA taxes withheld from the HHP payments made to the individual providers, to the applicable taxing agencies.

AUDIT OBJECTIVE

To assess the effectiveness* of MDHHS's efforts in administering HHP.

CONCLUSION

Moderately effective.

**FACTORS
IMPACTING
CONCLUSION**

- MDHHS case file documentation supported HHP eligibility for 99.0% of the clients we reviewed.
- MDHHS ensured that 98.1% of the clients we tested were authorized for HHP services in a timely manner.
- MDHHS ensured that HHP providers satisfied eligibility requirements, including criminal background checks.
- MDHHS ensured that 96.1% of the required six-month review meetings that we tested were held in a timely manner and annual redeterminations were completed.
- MDHHS provided annual training to its ASWs and their supervisors.
- MDHHS ensured the hourly rate paid to providers matched the established provider type hourly rate.
- MDHHS implemented a new automated case management system, Michigan Adult Integrated Management System (MiAIMS), in October 2017 that improved MDHHS's ability to monitor HHP.
- MDHHS monitored monthly supervisor case file reviews to improve HHP processes.
- MDHHS implemented a process to refer suspected fraud to the MDHHS's Office of Inspector General (OIG).
- Material condition* related to the need to improve its payment monitoring processes (Finding #1).
- Reportable conditions* related to improving its controls to prevent or recover improper payments, enhancing its process to review undeliverable W-2 forms*, and providing sufficient information to the Michigan Unemployment Insurance Agency (UIA) (Findings #2, #3, and #4).

* See glossary at end of report for definition.

FINDING #1

Improved monitoring of provider invoices needed.

MDHHS did not monitor HHP provider invoices to help ensure that HHP payments were supported, were properly approved, and accurately reflected the services provided. MDHHS overpaid 43.1% of the payments that we reviewed, resulting in our projection of overpayments totaling \$39.4 million (\$13.9 million General Fund/general purpose) during the 2-year audit period.

Based on the comprehensive functional assessment, the ASW determines the client's level of need, identifies specific services, and preauthorizes individual and agency providers' monthly payment amounts. From October 1, 2017 through September 30, 2019, MDHHS paid \$642.8 million to 54,060 providers for HHP services provided to 69,285 clients (see supplemental information for additional details, by county).

Our review of client case files and supporting payment documentation for 232 HHP payments made to 119 providers, totaling \$204,240, on behalf of 125 clients noted:

- a. MDHHS overpaid 100 (43.1%) provider payments by \$22,337, including:
 - 42 payments to individual providers in which the payment amount exceeded the actual cost of the services provided by a total of \$4,520. MDHHS's Adult Services Manual* (ASM) Section 135 requires individual providers to submit monthly invoices through the Community Health Automated Medicaid Processing System (CHAMPS) for reimbursement. MDHHS automatically pays the individual providers the preauthorized amount upon submission of their monthly invoice; however, our review of the invoices indicated that not all of the preauthorized services were provided. MDHHS indicated that it does not have an edit to verify whether all of the services were provided and/or whether the payment should be adjusted.
 - 46 payments to agency providers in which the payment amount exceeded the cost of the services documented by a total of \$16,931. MDHHS's ASM Section 136 requires agency providers to submit monthly invoices or quarterly logs to the ASWs for approval and reimbursement. However, our review indicated that some invoices lacked sufficient documentation of the services provided, and, for other invoices, the ASW's review did not identify that some preauthorized services were not provided and, therefore, did not adjust the payments accordingly.

MDHHS overpaid 43.1% of provider payments reviewed.

* See glossary at end of report for definition.

- 12 payments to individual or agency providers in which the payment amount exceeded the eligible cost of the services provided by a total of \$886. MDHHS's ASM Section 120 requires payments for IADL assessed hours to be reduced by 50% when the client is in a shared living arrangement with other adults who reside in the home, unless the IADLs are completed separately from others who reside in the home.

MDHHS did not approve 24.6% of payments reviewed.

- MDHHS's adult services supervisors did not approve 57 (24.6%) payments issued solely to agency providers, totaling \$25,417. MDHHS's ASM Section 140 requires an adult services supervisor to approve all single party payments.

We consider this finding to be a material condition based on the significance of the exception rates and our projected overpayments of \$39.4 million, which represents 6.1% of the total amount paid to providers for HHP services from October 1, 2017 through September 30, 2019.

RECOMMENDATION

We recommend that MDHHS improve its monitoring to help ensure that invoices are supported, are properly approved, and accurately reflect the HHP services provided.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees that Home Help invoices were not always properly monitored to ensure that payments were adequately supported and properly approved. MDHHS also agrees that Home Help case files lacked sufficient documentation to support why IADLs were not prorated.

- The current payment system in conjunction with the CHAMPS provider invoice process does not have an edit in place to review service levels prior to payment for those services. MDHHS is in the process of implementing or has implemented the following:*
 - *MDHHS completed a strategic planning process in August 2020 to review the Home Help payment process and developed recommendations for improvements.*
 - *MDHHS will identify service review requirements to automate service review prior to payment to help ensure that providers accurately complete the Home Help services log. In addition, MDHHS has started planning for the development of the federally required Electronic Visit Verification (EVV) system which will aide development of a service review system.*

- *In October 2019, MDHHS released new policy requiring all agencies to use a standardized agency invoice to provide consistency in documentation and to capture sufficient detail to support agency payments. All invoices are reviewed by an ASW before a payment authorization is completed.*
 - *In September 2020, the Home Help Policy section released a mandatory training on proration of IADLs in shared living arrangements.*
 - *In October 2020, additional training was provided to adult services supervisors on case monitoring and proper documentation for IADLs in shared living arrangements. In addition, reviews are being done on all cases with shared living where IADLs were not prorated to determine accuracy and proper documentation.*
- b. *MDHHS's policy was unclear regarding when supervisor approval was needed for single party payments. In June 2020, Home Help policy was updated to clarify that supervisor approval for single-party checks paid to agency providers is not required.*

FINDING #2

Improved controls needed to prevent or recover improper payments.

MDHHS could improve its controls to prevent or recover payments for HHP services in which the client or provider no longer met eligibility requirements. MDHHS improperly paid \$645,318 to providers for HHP services from October 1, 2017 through September 30, 2019 and had not initiated recoupment efforts for 61% of the payments that we reviewed.

MDHHS's ASM Section 125 prohibits payment for HHP services on days when a client resides in a setting that is not eligible for HHP services, including but not limited to hospitalizations, nursing facilities, and adult foster care admissions. Also, MDHHS's ASM Section 135 requires the client and/or provider to notify the ASW within 10 business days of any changes in eligibility and Section 165 requires the ASW to initiate recoupment efforts when an overpayment is identified.

We compared HHP service dates for the 69,285 clients who received HHP services from 54,060 providers, from October 1, 2017 through September 30, 2019, with certain Medicaid Program Enrollment Type (PET) codes maintained within CHAMPS, Michigan Department of Corrections (MDOC) incarceration records, and MDHHS's death records:

- a. Our analysis of PET codes identified that MDHHS made 2,062 improper payments to providers for HHP services on behalf of 1,057 clients. Specifically, we noted:
 - 1,800 payments totaling \$474,162 (945 clients) for days that the client resided in a nursing facility.
 - 215 payments totaling \$101,299 (82 clients) for days that the client was hospitalized.
 - 47 payments totaling \$23,292 (30 clients) for days that the client was incarcerated in a local jail.

MDHHS informed us that delays in Medicaid billing submissions by nursing facilities and hospitals limits its ability to timely identify the days that clients are ineligible for HHP services. However, we determined that MDHHS had not initiated efforts to recoup the improper payments from the providers for 14 (60.9%) of the 23 payments that we reviewed.

- b. Our match of MDOC's incarceration and MDHHS's death records identified that MDHHS made additional improper payments totaling:
 - \$28,271 to 24 providers for service dates beyond the client's date of death. We noted that MDHHS subsequently identified and pursued recoupment of \$5,930 of this amount from 7 providers.
 - \$15,411 to 10 providers for service dates simultaneous with dates that the clients or providers were incarcerated in a State prison.

- \$2,883 to 1 provider for service dates beyond the provider's date of death. It appeared that the deceased provider's signature was forged on the provider service logs (monthly billing invoice) related to these payments. MDHHS had not initiated efforts to recoup these payments; however, subsequent to our identification of this issue, HHP management referred the matter to the MDHHS OIG who initiated recoupment efforts in October 2020.

MDHHS did not have a CHAMPS edit to timely identify when clients or providers were incarcerated.

RECOMMENDATION

We recommend that MDHHS enhance its controls to prevent or recover payments for HHP services relating to instances for which the client and/or provider no longer meet eligibility requirements.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees that it needs to improve its controls to prevent or recover payments for periods where eligibility requirements are no longer met. However, because of allowable timelines for submission of Medicaid billings, it is unlikely that any potential edits will prevent all Home Help reimbursements where the client no longer meets eligibility requirements. Therefore, MDHHS will review its post payment review methodology and update where necessary. MDHHS is in the process of implementing or has implemented the following:

- *MDHHS is reviewing the cases identified in the audit and recoupment efforts have started.*
- *MDHHS is researching to see what source of information can be used to identify providers who are incarcerated. Once this is identified, MDHHS will review to see if this can be automated in CHAMPS or if a manual process needs to be developed.*
- *A new report was developed in July 2020 to identify clients who have been incarcerated. The report is sent monthly to adult services staff to stop future payments and to initiate recovery if payments have been made.*
- *Reports for Home Help clients who have been hospitalized, are in a nursing home, or who are deceased are sent to adult services staff monthly to stop future payments and recover those that have already been processed.*
- *A revised recoupment process is currently under development.*

FINDING #3

Review of undeliverable W-2 forms needs improvement.

MDHHS did not follow up on HHP provider W-2 forms, related to \$2.7 million of HHP payments, after receiving notification that the forms were returned as undeliverable. MDHHS potentially missed opportunities to help identify fraud and abuse, including providers who live with their clients and provide false addresses to avoid reductions to the clients' authorized HHP service level.

MDHHS's ASM Section 146 requires local offices to follow up on undeliverable W-2 forms with the individual HHP provider. Also, Title 42, Part 455, section 13(a) of the *Code of Federal Regulations** requires that the State have methods and criteria for identifying suspected fraud. Federal OIG reports indicate that HHP is highly susceptible to fraud and abuse.

MDHHS received 2,155 W-2 forms, totaling \$9.7 million in HHP payments to individual providers, that were returned as undeliverable for tax year 2018. We determined that MDHHS paid \$2.7 million in fiscal year 2019 HHP payments to 1,223 (56.8%) of those providers after it received notification of the undeliverable W-2 forms.

We noted a similar condition in our June 2014 performance audit* of the Medicaid Home Help Program, Department of Community Health and Department of Human Services (391-0708-13). In response to that audit report, MDHHS agreed that it did not have a process to review undeliverable W-2 forms and that it would analyze the results of a review that it initiated of W-2 forms returned for tax year 2013 to determine an efficient and effective process going forward. MDHHS stated that its follow-up efforts of returned W-2 forms relating to tax year 2017 resulted in an inefficient use of staff resources. However, MDHHS did not maintain documentation to support that assertion and indicated that its focus was not on identifying fraudulent activity. Because HHP is highly susceptible to fraud, MDHHS's methods for identifying suspected fraud in its Medicaid programs should include an analysis of undeliverable W-2 forms.

RECOMMENDATION

We again recommend that MDHHS follow up on W-2 forms that are returned as undeliverable to help identify potential fraud and abuse.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees that its process for following-up on undeliverable W-2s needs improvement. MDHHS is in the process of implementing or has implemented the following:

- *MDHHS is currently updating its policy and procedures to ensure appropriate follow-up is completed on returned W-2s.*

* See glossary at end of report for definition.

- *The Home Help Policy Section will work with adult services staff to follow-up on returned W-2s. An analysis of this follow-up will be completed to determine the effectiveness of these efforts.*
- *Home Help providers will be required to verify provider contact information in CHAMPS periodically.*

FINDING #4

Improvements needed in responding to unemployment inquiries.

MDHHS did not always provide UIA with sufficient information to help ensure that UIA paid only HHP provider claimants who were eligible for unemployment benefits and limit MDHHS's unemployment insurance liability.

Although HHP clients hired and fired their own providers, MDHHS acted as an employer agent for the clients and reimbursed UIA for the unemployment benefits paid based on the claimant's earnings as HHP providers. To help ensure that UIA paid benefits to only eligible claimants, MDHHS, as the employer agent, should have verified the accuracy of the pertinent claims-related information provided by UIA, such as the accuracy of the separation reason.

MDHHS reimbursed UIA \$1.2 million for unemployment benefits paid to HHP provider claimants from October 1, 2017 through September 30, 2019.

Our review of MDHHS's process and a limited review of the information provided to UIA for various requests indicated that MDHHS did not provide UIA with useful information regarding the reasons for providers' separation. The separation reason is an important element to UIA in determining eligibility for unemployment benefits. For example, the providers would generally not be eligible for benefits if they voluntarily quit or were fired for misconduct. Also, although MDHHS's ASM Section 135 requires that the client and/or provider notify the ASW within 10 business days of a change in provider, we determined that MDHHS generally had not documented the reason for separation in MiAIMS or that it contacted the client's ASW or the client to determine the cause of separation.

MDHHS indicated that the clients were not required to report, and ASWs were not required to ask for, a reason for the providers' separation and that ASWs generally did not document separation reasons in MiAIMS.

RECOMMENDATION

We recommend that MDHHS provide UIA with sufficient information to help limit its unemployment insurance liability.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees that sufficient information regarding separation of employment was not available to its Bureau of Finance and Accounting to address UIA claims to limit the unemployment liability. MDHHS is in the process of implementing or has implemented the following:

- *The Bureau of Finance and Accounting staff have been granted access to MiAIMS to view separation of employment information. ASW contact information has been provided to the Bureau of Finance and Accounting in the event additional information is needed.*

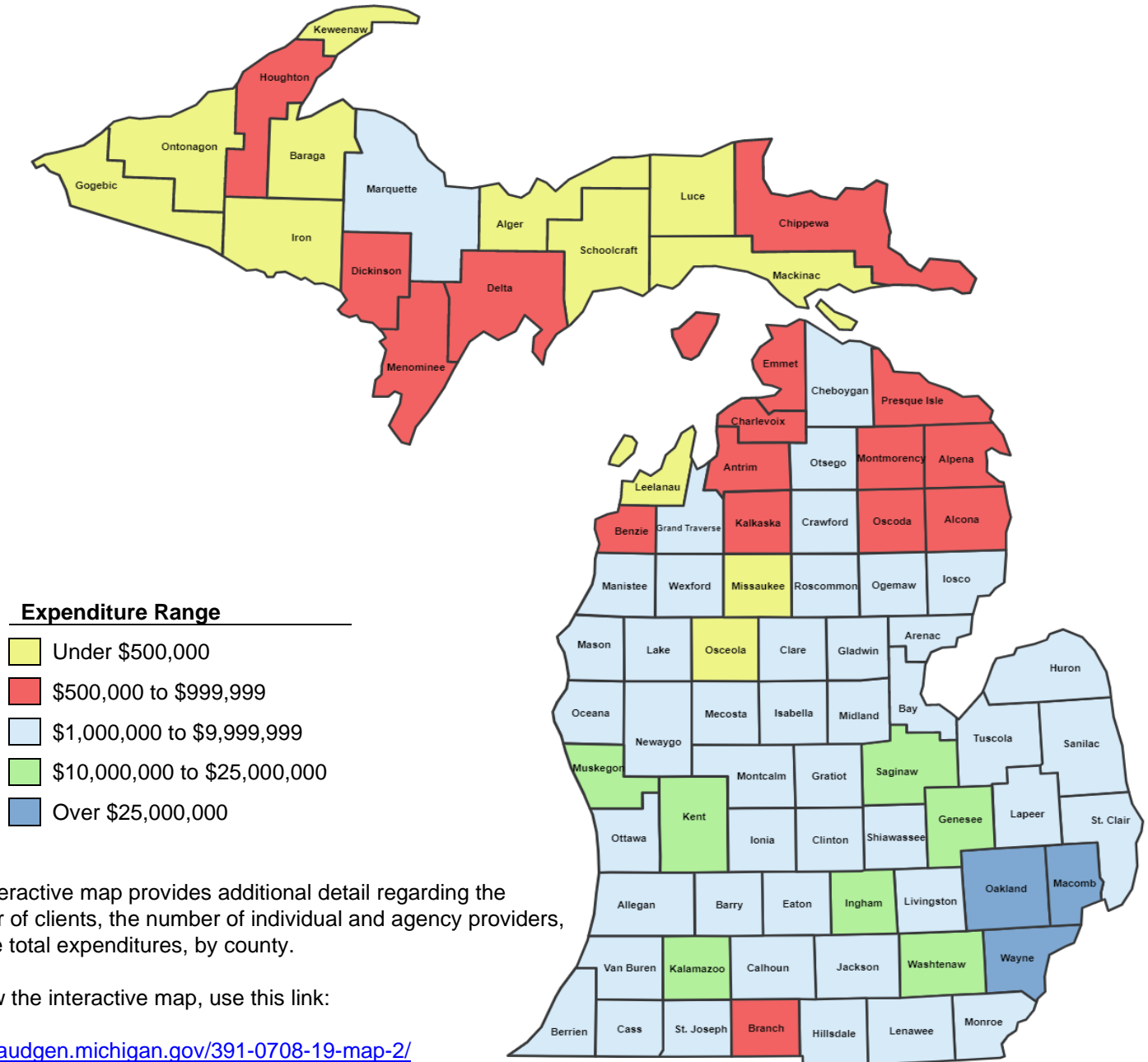
- *MDHHS is pursuing system changes to improve information sharing amongst all affected areas. Information regarding a providers' separation of employment is currently captured in MiAIMS, however, accounting staff are unable to view the information in this section of MiAIMs due to a system issue. A ticket has been filed so that this system defect can be prioritized and fixed. Until a system fix can be completed, adult services staff will be required to provide the separation reason in another section of MiAIMS.*

SUPPLEMENTAL INFORMATION

UNAUDITED

MEDICAID HOME HELP PROGRAM Michigan Department of Health and Human Services

HHP Client, Provider, and Expenditure Data by County
October 1, 2017 Through September 30, 2019



The interactive map provides additional detail regarding the number of clients, the number of individual and agency providers, and the total expenditures, by county.

To view the interactive map, use this link:

<https://audgen.michigan.gov/391-0708-19-map-2/>

Source: The OAG created this map using data from MDHHS's MiAIMS.

PROGRAM DESCRIPTION

HHP pays for in-home personal care services to Medicaid clients with functional limitations resulting from a medical or physical disability or cognitive impairment who live in a setting other than a hospital, nursing facility, licensed foster care home, mental institution, or home for the aged.

HHP expenditures totaled \$705.8 million (approximately \$250 million General Fund/general purpose) from October 1, 2017 through September 30, 2019.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine and evaluate MDHHS's records and processes related to administering HHP. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We did not include the verification of Medicaid client eligibility within the scope of this audit. Medicaid client eligibility is generally audited as part of the annual State of Michigan single audit.

As part of the audit, we considered the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined that all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2017 through September 30, 2019.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of MDHHS's processes related to administering HHP. During our preliminary survey, we:

- Obtained an understanding of MDHHS's processes and procedures for coordinating HHP services to clients.
- Interviewed MDHHS's management and staff regarding their functions and responsibilities in administering HHP.
- Reviewed applicable laws, regulations, policies, and procedures.
- Analyzed HHP client, provider, and expenditure data.

OBJECTIVE

To assess the effectiveness of MDHHS's efforts in administering HHP.

To accomplish this objective, we:

- Visited 5 judgmentally selected MDHHS local offices in Ingham, Kent, Livingston, Macomb, and Wayne Counties and interviewed local office staff regarding their procedures for administering HHP.
- Randomly selected 105 of the 7,877 total clients from the 5 local offices that we visited who were enrolled into HHP from October 1, 2017 through August 15, 2019 to determine if MDHHS had authorized HHP services for the clients within the 45-day requirement and whether the client's:
 - Medicaid status was active at the time the services were provided.
 - HHP application was signed.
 - Medical needs form was assessed by a licensed medical professional.
 - Comprehensive assessment listed at least one ADL rated as 3 or higher.
- Randomly and judgmentally selected 220 of the 37,736 total clients from the 5 local offices that we visited who received HHP services at any time from October 1, 2017 through September 30, 2019 and determined whether ASWs completed the required six-month reviews in a timely manner and completed annual redeterminations.
- Randomly selected 232 (119 providers) of the 2,190 payments from the 5 local offices that we visited for 125 of the 220 clients selected in the previous bullet and determined whether:
 - The hourly rate paid matched the established provider type hourly rate.
 - The amount paid exceeded the preauthorized maximum amount.
 - The invoice supporting the payment provided sufficient detail of the days that each service was provided.
 - All authorized services were provided.
 - The payment was appropriately approved, in accordance with MDHHS policy.
 - IADL services were appropriately prorated, when applicable.

- MDHHS evaluated the eligibility of the providers, including completion of criminal background checks that was continuously monitored to ensure that eligibility was maintained.
- The ASW contacted the provider no later than every 6 months to ensure that the client's plan of care was updated.

We judgmentally selected the 5 local offices based on their close proximity to Lansing and total provider payment amounts. We judgmentally selected clients based on total payments and oldest cases. Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. For our judgmental samples, we could not project the results to the respective populations.

- Analyzed PET code data to identify any payments made while the client resided in a setting that was not eligible for HHP services.
- Compared HHP client and provider information with MDHHS death records to identify payments made for HHP service dates after the client's or provider's date of death.
- Compared HHP client and provider information with MDOC incarceration records to identify payments made for HHP service dates during a client's or provider's period of incarceration.
- Reviewed training records for 25 of the 431 MDHHS employees (22 ASWs and 3 supervisors) who worked on HHP cases, as of September 30, 2019, to determine whether the employees met annual training requirements. We randomly selected the employees to eliminate bias and enable us to project the results to the population.
- Analyzed MDHHS's returned W-2 form tracking database to evaluate MDHHS's process to review W-2 forms returned as undeliverable for tax years 2017 and 2018.
- Reviewed 7 MDHHS responses to UIA's requests for information related to HHP providers' unemployment claims. We arbitrarily selected the responses from the hard-copy file of responses sent to UIA and maintained by MDHHS. Therefore, we could not project the results to the overall population.

- Reviewed 3 of 8 quarterly case file review reports that MDHHS central office prepared from October 1, 2017 through September 30, 2019 to determine whether MDHHS took actions to address deficiencies noted in ASW supervisor case file reads. Our sample was randomly selected to eliminate bias and enable us to project the results to the population.
- Obtained an overview of MDHHS's process for referring suspected HHP fraud to the MDHHS OIG for investigation and potential referral for prosecution.
- Obtained an overview of how MDHHS uses MiAIMS to monitor HHP activities.
- Selected 25 of 2,720 individual providers with permissive exclusion* criminal offenses indicated in CHAMPS and determined whether the HHP client acknowledged the criminal offense. We randomly selected the providers to eliminate bias and enable us to project the results to the population.
- Analyzed a listing of all HHP providers indicated in CHAMPS with a criminal offense conviction classified as a mandatory exclusion* from HHP to determine whether MDHHS made payments to the providers for service dates subsequent to the disqualifying criminal offense.
- Obtained an overview of MDHHS's process for completing criminal background checks for individual and agency providers.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 4 findings and 4 corresponding recommendations. MDHHS's preliminary response indicates that it agrees with all of the recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency

* See glossary at end of report for definition.

to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported findings from our June 2014 performance audit of the Medicaid Home Help Program, Department of Community Health and Department of Human Services (391-0708-13):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Improvements needed to support provider service logs and invoices.	Rewritten*	1
2	Improvements needed to ensure timeliness of ASW meetings with clients and providers.	Complied	Not applicable
3	Improvements needed to ensure that clients meet HHP eligibility requirements.	Complied	Not applicable
4	Improvements needed to verify the accuracy of Unemployment Insurance claims.	Rewritten	4
5	Improvements needed to ensure agency providers meet the requirements to receive the higher agency pay rate.	Complied	Not applicable
6	Criminal history check process needs improvement.	Complied	Not applicable
7	Improvements needed to ensure that client case file documentation is maintained.	Rewritten	1
8	Case file review process needs improvement.	Complied	Not applicable
9	Improvements needed to prevent or recover payments for hospitalized clients.	Rewritten	2

This table continued on next page.

**See glossary at end of report for definition.*

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
10	Improvements needed to prevent or recover payments for clients in a nursing facility.	Rewritten	2
11	Review of undeliverable W-2 forms needs improvement.	Repeated*	3
12	Referral process for suspected client and provider fraud needs improvement.	Complied	Not applicable
13	Data reporting system needs improvement.	Complied	Not applicable

SUPPLEMENTAL INFORMATION

Our audit report includes a map of HHP client, provider, and expenditure data by county presented as supplemental information. Our audit was not directed toward expressing a conclusion on this information.

**See glossary at end of report for definition.*

GLOSSARY OF ABBREVIATIONS AND TERMS

ADL	activity of daily living (i.e., eating, toileting, bathing, grooming, dressing, transferring, and mobility).
Adult Services Manual (ASM)	A policy manual developed by MDHHS.
ASW	MDHHS adult services worker.
CHAMPS	Community Health Automated Medicaid Processing System.
<i>Code of Federal Regulations</i>	The codification of the general and permanent rules published by the departments and agencies of the federal government.
effectiveness	Success in achieving mission and goals.
FICA	Federal Insurance Contributions Act.
FUTA	Federal Unemployment Tax Act.
HHP	Medicaid Home Help Program.
IADL	instrumental activity of daily living (i.e., medication, meal preparation, shopping, laundry, and light housework).
mandatory exclusion	A felony conviction defined under federal or state law, in connection with the delivery of health care items or services related to criminal convictions under Medicare (Title XVIII), Medicaid (Title XIX) or other state health care programs; neglect or abuse of patients; fraud, theft, embezzlement, breach of fiduciary responsibility, or other financial misconduct; or unlawful manufacture, distribution, prescription, or dispensing of controlled substance.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDHHS	Michigan Department of Health and Human Services.

MDOC	Michigan Department of Corrections.
MiAIMS	Michigan Adult Integrated Management System.
OAG	Office of the Auditor General.
OIG	Office of Inspector General. There is the federal OIG (within the U.S. Department of Health and Human Services) and the MDHHS OIG (which investigates suspected client and provider frauds).
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
permissive exclusion	Felony convictions that are not one of the mandatory exclusions that requires the client to sign an acknowledgement form allowing the client to retain the provider.
PET	Medicaid Program Enrollment Type.
repeated	The same problem was noted in the current audit, and the wording of the current recommendation remains essentially the same as the prior audit recommendation.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
rewritten	The recurrence of similar conditions reported in a prior audit in combination with current conditions that warrant the prior audit recommendation to be revised for the circumstances.
UIA	Unemployment Insurance Agency.
W-2 form	A form that an employer must send to an employee and the Internal Revenue Service that reports an employee's wages and the amount of taxes withheld from the employee's wages.



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