
January 2016

Performance Audit
Recommendations and Corrective
Actions for Audit: 11-5

Medicaid: Many Provider
Enrollment and Claims Controls
in Place, but Gaps Exist

Dated: 09/15/2011

Overview

The SAO makes recommendations designed to improve the operations of state government. For our work to produce benefits, auditees or the General Assembly must implement these recommendations although, we cannot require them to do so. Nevertheless, a measure of the quality and persuasiveness of our performance audits is the extent to which these recommendations are accepted and acted upon. The greater the number of recommendations that are implemented, the more benefit will be derived from our audit work.

In 2010, the SAO began to follow-up on the recommendations issued in our performance audits. Experience has shown that it takes time for some recommendations to be implemented. For this reason, we perform our follow-up activities one and three years after the calendar year in which the audit report is issued. Our annual performance reports summarize whether we are meeting our recommendation implementation targets.

(http://auditor.vermont.gov/audits/recommendation_follow-up)

This report addresses the requirements of Act 155 to post the results of our recommendation follow-up work on our website. The report does not include follow-up on recommendations issued as part of the state's financial statement audit and the federally mandated Single Audit, which are performed by a contractor. However, our new contract for this work requires the contractor to provide the results of its recommendation follow-up in the future. Accordingly, we expect that future reports will contain this data.

Audit No., Name	Rec #	Recommendation	Follow-Up Date	Status & Date	Review Comments	
11-5 Medicaid: Many Provider Enrollment and Claims Controls in Place, but Gaps Exist 9/15/2011	1	The Department of Vermont Health Access (DVHA) should require all Medicaid providers to periodically undergo reenrollment and restrict the use of “forever” active status end dates to state organizations.	12/19/2013	Implemented 12/31/2011	DVHA has amended its enrollment manual to address this recommendation.	
	No further follow-up is required because the recommendation was implemented					
	2	The Department of Vermont Health Access (DVHA) should comply with the federal regulation that requires home health agencies to obtain a surety bond and furnish this bond to DVHA.	12/19/2013	Not Implemented	CMS has not required that the applicable CFR be implemented.	
			12/19/2013	Closed		
	3	The Department of Vermont Health Access (DVHA) should modify the Medicaid monthly excluded parties process to be in accordance with federal regulations, including checking out of-state providers and all providers’ ownership and controlling interests, and managing employees.	12/19/2013	Implemented 07/01/2013	DVHA has amended its enrollment manual to address this recommendation.	
	No further follow-up is required because the recommendation was implemented					
	4	The Department of Vermont Health Access (DVHA) should establish a process to periodically check whether providers are performing the required screening of employees and contractors against the LEIE and EPLS, which could consist of a written certification from these providers during the enrollment process that such a process has taken place.	12/19/2013	Not Implemented	DVHA reported that it has not implemented this recommendation.	
			2015	Implemented	DVHA does not check whether providers are screening their employees and contractors against LEIE. The provider agreement does not inform providers of their obligation to carry out a monthly check of all employees, nor does it require providers to perform such a check, as recommended by CMS. However, DVHA has implemented its own monthly check of providers’ managing employees, which somewhat mitigates this weakness.	
	5	The Department of Vermont Health Access (DVHA) should revise the provider agreement to require that providers search the LEIE website monthly to capture exclusions and reinstatements since the last search.	12/19/2013	Implemented	The 12/2/2013 version of the provider enrollment and re-enrollment forms fulfill this recommendation.	
	No further follow-up is required because the recommendation was implemented					
	6	The Department of Vermont Health Access (DVHA) should establish a process to periodically compare the Medicaid provider file against the Social Security Administration’s Death Master File.	12/19/2013	Not Implemented	DVHA reported that it has not implemented this recommendation.	
			2015	Implemented	DVHA now has a process to compare the provider file to the Death Master File, via an external data provider.	

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11-5 Medicaid: Many Provider Enrollment and Claims controls in Place, but Gaps exist 9/15/2011	7	The Department of Vermont Health Access (DVHA) should arrange to obtain credential status changes subsequent to the date of enrollment or reenrollment of licensed, certified, or registered providers from the Vermont licensing authorities.	12/19/2013	Not Implemented	DVHA reported that it has not implemented this recommendation.
			2015	Implemented	DVHA now obtains monthly details of license status changes from an external data provider.
	8	The Department of Vermont Health Access (DVHA) should develop criteria for the consistent application in the use of the Medicaid Management Information System's organization type code to limit the categories of organizations allowed to be coded as individuals,	12/19/2013	Not Implemented	HPES has no written instructions for determining the organization type code to be entered into MMIS.
			2015	Implemented	DVHA now obtains the organization type from an external data provider.
	9	The Department of Vermont Health Access (DVHA) should ensure that research into whether those providers identified in this audit as having the wrong provider type, laboratory certification level, or active status be completed and any improper payments recouped.	12/15/2013	Partially Implemented 12/27/2012	DVHA's Medicaid fiscal agent (HPES) researched whether the providers incorrectly listed in active status were had improperly billed Medicaid and found no evidence that improper billing had occurred. No evidence was provided that similar research was performed for providers listed as the wrong provider type or laboratory certification.
			2015	Partially Implemented/ Closed	DVHA's Medicaid fiscal agent (HPES) researched whether the providers incorrectly listed in active status had improperly billed Medicaid and found no evidence that improper billing had occurred. No evidence was provided that similar research was performed for providers listed as the wrong provider type or laboratory certification.
	10	The Department of Vermont Health Access (DVHA) should expeditiously respond to HPES' request to clarify the reimbursement rates for certified nurse-midwives, certified registered nurse anesthetists, and anesthesia assistants and, if the Medicaid Management Information System's (MMIS) reimbursement rate is incorrect, direct HPES to change the rate immediately and seek reimbursement for any overpayments that may have been made.	12/19/2013	Not Implemented	DVHA reported that this issue was resolved and the recommendation implemented. We requested evidence, but none was provided.
			2015	Implemented	The payment rates noted in our audit as differing between MMIS and the Provider Manual have now been amended in MMIS. There were no overpayments because the MMIS rates were correct

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11-5 Medicaid: Many Provider Enrollment and Claims controls in Place, but Gaps exist 9/15/2011	11	The Department of Vermont Health Access (DVHA) should establish a process to verify that drug claims for controlled substances are prescribed by providers with the appropriate Drug Enforcement Administration's (DEA) registration level.	12/19/2013	Not Implemented	DVHA reported that it has not implemented this recommendation, choosing instead to rely on pharmacies' legal obligation to obtain the prescriber's DEA (Drug Enforcement Administration) number.
			2015	Not Implemented	DVHA reported that the new pharmacy benefits manager is unable to perform such a verification, and that DVHA continues to rely on the controls already in place for these highly regulated, licensed professionals.
	12	The Department of Vermont Health Access (DVHA) should direct HPES to modify its credential verification process to eliminate gaps in the independent verification of provider credentials, including those issued by Vermont, other states, the Centers for Medicare and Medicaid Services (CMS), and the Drug Enforcement Administration (DEA).	2013	Partially Implemented	HPES reported that it verifies licenses of out-of-state physicians, but does not verify CLIA (Clinical Laboratory Improvement Amendments) certification or DEA (Drug Enforcement Agency) numbers.
			2015	Partially Implemented	DVHA now obtains from an external data provider a report that shows Medicaid providers' licenses and credentials. This does not include CLIA certification, which continues to be evidenced on enrollment only by a copy of the CLIA certificate. CLIA certificates are checked in the monthly 'disciplinary report', but this may not detect a fictitious CLIA number.
	13	The Department of Vermont Health Access (DVHA) should direct HPES to verify the Medicare enrollment of those provider types required to be enrolled in Medicare per the DVHA Medicaid rules.	12/19/2013	Implemented 7/1/2013	DVHA amended its enrollment manual to address this recommendation.
			No further follow-up is required because the recommendation was implemented		
	14	The Department of Vermont Health Access (DVHA) should direct HPES to screen all providers, their ownership and controlling interests, and managing employees against the List of Excluded Individuals/Entities (LEIE) and Excluded Parties List System (EPLS) in accordance with federal regulations.	12/19/2016	Implemented 7/1/2013	DVHA amended its enrollment manual to address this recommendation.
			No further follow-up is required because the recommendation was implemented		

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11-5 Medicaid: Many Provider Enrollment and Claims Controls in Place, but Gaps Exist 9/15/2011	15	<p>The Department of Vermont Health Access (DVHA) should direct HPES to establish a process related to those cases in which HPES is made aware of changes to a provider's enrollment of checking for claims that are filed with a date of service between the effective date of the change and the date the change was actually made in the system.</p>	12/19/2013	Not Implemented	DVHA reported that such a process is now in place but did not provide evidence (such as process documentation).
			2015	Not Implemented	DVHA reported that on January 1, 2016 they plan to implement a manual process that would look at claims data for a terminated provider to ensure that none were paid subsequent to the effective date of termination.
	16	<p>The Department of Vermont Health Access (DVHA) should direct HPES to determine the feasibility of modifying the Medicaid Management Information System (MMIS), or implementing compensating manual controls, to address weaknesses identified in this report, including (1) the use of automated edits during the provider enrollment data entry process, (2) the process used to automatically change providers from active to inactive status so that manual extensions of a provider's active status end date does not bypass this process, (3) the lack of an edit to recognize the claims limitations of providers whose number starts with B, D, F, or 7000, (4) capturing the relationship between the specific location on the laboratory certificate and the service location(s) of a provider, and (5) restricting referring providers to individuals.</p>	12/19/2013	Partially Implemented	DVHA provided a printout of the system edit addressing part 5 of this recommendation but did not provide evidence regarding the others.
			2015	Partially Implemented	DVHA provided evidence that they had implemented parts of this recommendation. Namely, it had implemented manual compensating controls for ensuring that provider information was accurately recorded and claim edits pertaining to parts 3 and 5 of the recommendation.
	17	<p>The Department of Vermont Health Access (DVHA) and the Department of Education (DOE) should ensure that practitioners who authorize school-based Medicaid services are enrolled in Medicaid,</p>	12/19/2013	Implemented 12/12/2011	The Agency of Education sent a letter to the schools that implemented this recommendation.
			<p>The four-year recommendation/follow-up for this audit will not be necessary. The recommendation was implemented.</p>		

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11-5 Medicaid: Many Provider Enrollment and Claims Controls in Place, but Gaps Exist 9/15/2011	18	The Department of Vermont Health Access (DVHA) and the Department of Education (DOE) should enroll individuals or organizations that provide the Medicaid reimbursed service, which can be a streamlined process in accordance with federal regulations.	12/19/2013	Not Implemented	DVHA disagrees with this recommendation and did not implement it.
			2015	Not Implemented	DVHA has decided not to implement this recommendation because of the balance of effort required and impact. DVHA recognizes the need to make changes and intends to do so with the implementation of a new MMIS.
	19	The Department of Vermont Health Access (DVHA) and the Department of Education (DOE) should periodically screen school-based service providers against the LEIE and EPLS databases in accordance with federal regulations.	12/19/2013	Implemented	The Agency of Education sent a letter to the schools that implemented this recommendation.
	No further follow-up is required because the recommendation was implemented				