



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Hospital and Health Plan Reimbursement
Division
Medical Services Administration
Department of Community Health

Report Number:
391-0560-11

Released:
November 2011

Medicaid is a program that helps certain individuals and families with low incomes and limited resources to pay for some or all of their medical bills. The Hospital and Health Plan Reimbursement Division (HHPRD) is responsible for reimbursing hospitals and other health related organizations for services provided to Medicaid eligible individuals. HHPRD is also responsible for developing the rates used to reimburse providers for services provided to Medicaid eligible individuals.

Audit Objective:

To assess the effectiveness of HHPRD's efforts to complete accurate and timely cost settlements.

Audit Conclusion:

We concluded that HHPRD's efforts to complete accurate and timely cost settlements were moderately effective. We noted four reportable conditions (Findings 1 through 4).

Reportable Conditions:

HHPRD should reevaluate the use of a semimonthly interim payment method as a means for reimbursing hospitals (Finding 1).

HHPRD should pursue an update to the Community Health Automated Medicaid Processing System (CHAMPS) to allow federally qualified health centers (FQHCs) and rural health clinics (RHCs) the ability

to submit billings and receive payment for fee-for-service Medicaid beneficiaries at the prospective payment system (PPS) rate (Finding 2).

HHPRD could improve control procedures to monitor the status of outstanding and in-process cost settlements for FQHCs, RHCs, and school based services (SBS) providers (Finding 3).

HHPRD had not established sufficient controls over the SBS cost settlement process (Finding 4).

~ ~ ~ ~ ~ ~ ~ ~ ~ ~

Audit Objective:

To assess the effectiveness of HHPRD's efforts to obtain and use accurate data when setting provider reimbursement rates.

Audit Conclusion:

We concluded that HHPRD's efforts to obtain and use accurate data when setting provider reimbursement rates were effective. Our audit report does not contain any reportable conditions related to this audit objective.

~ ~ ~ ~ ~

Agency Response:

Our audit report contains 4 findings and 4 corresponding recommendations. The Department of Community Health's preliminary response indicates that it agrees with the recommendations.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General