Michigan

Office of the Auditor General

REPORT SUMMARY

Performance Audit

Medicaid Home Help Program

Department of Community Health and Department of Human Services

Report Number:
391-0708-13

Released:
June 2014

The Medicaid Home Help Program (HHP) allows Medicaid beneficiaries (clients) to receive personal care services in their homes. The Department of Community Health (DCH) is responsible for the overall administration of HHP. DCH has an interagency agreement with the Department of Human Services (DHS) for the day-to-day operation of HHP.

Audit Objective:
To assess the effectiveness of DCH's and DHS's efforts to operate HHP consistent with selected laws, rules, regulations, and policies.

Audit Conclusion:
We concluded that DCH's and DHS's efforts to operate HHP consistent with selected laws, rules, regulations, and policies were not effective. We noted two material conditions (Findings 1 and 2) and eleven reportable conditions (Findings 3 through 13).

Findings 1, 3, 5, 9, and 10 identified improper payments totaling an estimated $160.0 million ($54.2 million General Fund/general purpose). This represented 17.9% of the $893.7 million in HHP expenditures for the period October 1, 2010 through September 30, 2013. In addition, Findings 2, 4, 7, 8, 11, and 12 identified weaknesses that could result in improper payments or amounts owed to the federal government for noncompliance with procedures.

Material Conditions:
DCH and DHS did not obtain or timely obtain sufficient documentation, including provider service logs or invoices, provider and client verification, and DHS adult services worker (ASW) reviews, to ensure that providers had delivered the services paid for through a preauthorized payment process. As a result, we estimated that DCH improperly paid providers $146.4 million ($49.6 million General Fund/general purpose) from October 1, 2010 through February 28, 2013 (Finding 1).

DCH and DHS did not ensure that ASWs timely completed six-month reviews, annual redeterminations, and other required monitoring contacts for their assigned clients and providers. As a result, DCH and DHS could not ensure that clients timely received the most appropriate type and quantity of services for their conditions. Also, because ASWs did not ensure that providers continued to deliver services to their clients, there is an increased risk of client and provider fraud. In addition, DCH could be liable for repaying the federal share of Medicaid payments made for HHP cases that were not monitored in accordance with established procedures (Finding 2).

Reportable Conditions:
DCH and DHS did not ensure that HHP clients met HHP eligibility criteria. As a result, from April 1, 2012 through February 28, 2013, DCH paid $3.3 million ($1.1 million General Fund/general purpose) for services delivered to individuals who did not qualify for them (Finding 3).

DCH did not verify the accuracy of information included on the monetary eligibility determinations and other documents sent to it by the Unemployment Insurance Agency (UIA) related to provider claims. As a result, DCH missed its opportunity to protest inaccurate information and UIA likely improperly paid providers regular and federally funded extended and emergency unemployment insurance benefits (Finding 4).

DCH did not ensure that agency providers met the requirements to receive the higher agency pay rate. As a result, DCH overpaid 80 agencies $6.8 million ($2.3 million General Fund/general purpose) (Finding 5).

DCH and DHS should consider conducting criminal history checks for individual providers and requiring agency providers to conduct criminal history checks for their employees and/or subcontractors. By not conducting criminal history checks, DCH and DHS may be unaware of unsuitable individuals who may pose harm to their vulnerable client population (Finding 6).

DCH and DHS did not ensure that they made required client benefit reductions, timely obtained client certifications of medical need, timely notified clients of benefit approvals, and maintained sufficient administrative case file documentation. These deficiencies could potentially result in overpayments to providers, untimely services, and loss of federal funding for noncompliance with program requirements (Finding 7).

DCH and DHS did not effectively utilize the results of HHP case file reviews completed by ASW supervisors and a DCH contractor to correct HHP deficiencies. As a result, DCH and DHS missed the opportunity to identify the cause of, and implement timely corrective action for, some of the deficiencies noted during our audit. These deficiencies could potentially result in overpayments to providers, untimely services, and loss of federal funding for noncompliance with program requirements (Finding 8).

DCH and DHS had not established effective controls to prevent or recover Medicaid payments for HHP services for hospitalized clients. As a result, from October 1, 2010 through February 28, 2013, DCH inappropriately paid an estimated $2.6 million (approximately $877,000 General Fund/general purpose) for HHP services for hospitalized clients (Finding 9).

DCH and DHS had not established effective controls to prevent or recover Medicaid payments for HHP services for clients who were admitted to a nursing facility. As a result, for the period October 1, 2010 through February 28, 2013, DCH improperly paid and did not attempt to recover an estimated $889,128 ($301,355 General Fund/general purpose) for these clients (Finding 10).

DCH did not have a process to review W-2 forms that were returned as undeliverable to help identify potential fraud and abuse in HHP. As a result, DCH missed an opportunity to identify nonexistent providers, clients fraudulently receiving HHP payments after their providers were terminated, and providers who live with their clients but provide a false address to maintain the clients' eligibility for other government assistance and to avoid reductions to the clients' authorized service level (Finding 11).

DCH and DHS had not established a process for ASWs to refer suspected HHP provider frauds to the DCH Office of Inspector General (OIG) for investigation and potential referral for prosecution. Also, DHS did not ensure that ASWs referred suspected HHP client frauds to the DHS OIG for investigation and potential referral for prosecution. As a result of these conditions, DCH did not comply with federal fraud control regulations and suspected provider and client frauds may have gone uninvestigated and unpunished (Finding 12).

DHS did not have an adequate data reporting system for HHP. As a result, HHP management and supervisory staff did not have ready access to information for effectively monitoring HHP. With an adequately functioning data reporting system, HHP managers and supervisors could have timely identified and corrected some of the conditions cited in this report (Finding 13).

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Agency Response:

Our audit report contains 13 findings and 14 corresponding recommendations. DCH and DHS's preliminary response indicates that they agree with all 14 recommendations. However, DCH and DHS informed us that subsequent to our audit, they have reviewed and taken corrective action for the cases identified as exceptions in Finding 3 and, therefore, do not agree with the reported amount of estimated improper payments.

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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

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