



Performance Audit

Community Health Automated Medicaid Processing System (CHAMPS) Claims Edits Department of Community Health (DCH) and Department of Technology, Management, and Budget (DTMB)

Report Number:
391-0525-14

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CHAMPS is an automated information system that DCH and DTMB implemented in October 2009 to process Medicaid claims and payments. During processing, claims are subjected to 1,105 edit checks, such as provider and beneficiary eligibility, procedure validity, claim duplication, frequency limitations for services, and validity of service. The State contracted with a system development contractor to design, develop, implement, and maintain CHAMPS, including claims edits. DCH and DTMB are responsible for overseeing the contractor's performance. CHAMPS processed 97 million medical claims totaling \$19.1 billion during our audit period.

Audit Objective			Audit Conclusion
Objective 1: To assess the effectiveness of DCH and DTMB's efforts to ensure logical access controls over CHAMPS claims edit rules.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DCH, in conjunction with DTMB, did not effectively monitor the contractor's logical access controls over the CHAMPS claims edit rules application to help ensure that claims edit rules were appropriately accessed and protected from unauthorized modification, loss, and disclosure. The contractor did not maintain system authorization forms, enforce strong password policies, enforce session management controls, and activate access logs or audit logs (<u>Finding 1</u>).		X	Agree
DCH did not restrict user access to modify CHAMPS claims edit dispositions consistent with users' assigned job responsibilities. Four users had access that was not consistent with their assigned job responsibilities (<u>Finding 2</u>).		X	Agree

Audit Objective			Audit Conclusion
Objective 2: To assess the effectiveness of DCH and DTMB's efforts to implement change management controls over CHAMPS claims edits.			Moderately effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DCH and DTMB had not developed a comprehensive process to help ensure that program changes to CHAMPS claims edits are managed consistently and properly implemented for medical claims payment processing. DCH and DTMB had not documented change control standards and procedures, certain approvals, reconciliations, impact assessments, and user acceptance test procedures or results (<u>Finding 3</u>).		X	Agree

Audit Objective			Audit Conclusion
Objective 3: To assess the effectiveness of DCH and DTMB's efforts to evaluate and document their use of CHAMPS claims edits.			Effective
Finding Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DCH had not implemented adequate internal control over the creation of CHAMPS claims edit dispositions. Inappropriate CHAMPS claims edit dispositions may be created and applied to medical claims payments but go undetected by management (<u>Finding 4</u>).		X	Agree

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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