



**COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING**

1570 Grant Street, Denver, CO 80203-1818 • (303) 866-2993 • (303) 866-4411 Fax

John W. Hickenlooper, Governor • Susan E. Birch MBA, BSN, RN, Executive Director

January 4, 2013

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
200 East 14th Avenue, 2nd Floor  
Denver, CO 80203

Dear Ms. Ray:

In response to your request, we have prepared an updated status report regarding the implementation of audit recommendations contained in the Medicaid Eligibility Status for Adult Civil Patients at the Colorado Mental Health Institutes Performance Audit. The attached report provides a brief explanation of the actions taken by the Department of Health Care Policy and Financing to implement each recommendation.

If you have any questions, please do not hesitate to contact Kim Nguyen, Audit Tracker and Analyst, at 303-866-6575 or by email at [kim.nguyen@state.co.us](mailto:kim.nguyen@state.co.us).

Sincerely,

A handwritten signature in blue ink, appearing to read "Susan E. Birch".

Susan E. Birch MBA, BSN, RN  
Executive Director

SB:ktn

Attachment: Audit Recommendation Status Report

cc: Greg Fugate, Audit Manager, Office of the State Auditor  
Christopher Harless, Legislative Audit Supervisor, Office of the State Auditor

## **AUDIT RECOMMENDATION STATUS REPORT**

**AUDIT NAME:** Medicaid Eligibility Status for Adult Civil Patients at the Colorado Mental Health Institutes

**AUDIT NUMBER:** 2131B

**DEPARTMENT/AGENCY/ENTITY:** Department of Health Care Policy and Financing

**DATE:** January 2013

### **SUMMARY INFORMATION**

*Please complete the table below with summary information for all audit recommendations. For multi-part recommendations, list each part of the recommendation SEPARATELY. (For example, if Recommendation 1 has three parts, list each part separately in the table.)*

<b>Recommendation Number</b> <i>(e.g., 1a, 1b, 2, etc.)</i>	<b>Agency's Response</b> <i>(i.e., agree, partially agree, disagree)</i>	<b>Original Implementation Date</b> <i>(as listed in the audit report)</i>	<b>Implementation Status</b> <i>(Implemented, Implemented and Ongoing, Partially Implemented, Not Implemented, or No Longer Applicable)</i>	<b>Revised Implementation Date</b> <i>(Complete only if agency is revising the original implementation date.)</i>
1a	Agree	July 1, 2012	Implemented	n/a
1b	Agree	Interim Process – August 1, 2012 Reprocured MMIS – March 2016	Implemented	n/a
1c	Agree	July 1, 2012	Partially Implemented	June 2013
1d	Agree	May 2012	Partially Implemented	June 2013

## DETAIL OF IMPLEMENTATION STATUS

**Recommendation #:** 1a

**Agency Addressed:** Department of Health Care Policy and Financing

**Recommendation Text in Audit Report:**

The Department of Health Care Policy and Financing (HCPF) should develop controls to ensure that Medicaid does not pay any claims for Fort Logan or Pueblo Institute patients who fall under the federal institution for mental diseases (IMD) exclusion. Specifically, HCPF should:

- a. Work with the Department of Human Services (CDHS) to develop a process for receiving data on the dates of admission and discharge for Medicaid-eligible clients, regardless of age, who are inpatients at the Fort Logan and Pueblo Institutes.

**Agency's Response:** Agree

**Agency's Written Response in Audit Report:**

The Department agrees to work with the Department of Human Services to develop a process for receiving timely data on admission and discharge dates for Medicaid-eligible clients, regardless of age, who are inpatients at the Pueblo and Fort Logan Mental Health Institutes. HCPF and CDHS staff held a phone conference on May 9, 2012, to discuss how to operationalize this process. The Department is confident that a reliable process will be in place no later than July 1, 2012. This process will provide the data necessary to support implementation of parts b, c, and d.

**Current Implementation Status of Recommendation:** Implemented

**Agency's Current Comments on Implementation Status of Recommendation:**

The Department began processing mental health institute patient admission/discharge files submitted by the Department of Human Services (DHS) on July 1, 2012. In addition, the Department's Program Integrity Section is maintaining a database containing admission and discharge information from the Fort Logan and Pueblo mental health institutes. This database contains historical from DHS from early May 2012 to the present and is updated on a routine basis.

**Recommendation #:** 1b

**Agency Addressed:** Department of Health Care Policy and Financing

**Recommendation Text in Audit Report:**

The Department of Health Care Policy and Financing (HCPF) should develop controls to ensure that Medicaid does not pay any claims for Fort Logan or Pueblo Institute patients who fall under the federal institution for mental diseases (IMD) exclusion. Specifically, HCPF should:

- b. Use the patient information obtained through part a to develop a process for identifying and denying, or flagging for further investigation, all Medicaid claims, including capitation payments, for IMD-excluded patients. Additionally, HCPF should pursue a long-term solution as part of the Medicaid Management Information System (MMIS) reprocurement.

**Agency's Response:** Agree

**Agency's Written Response in Audit Report:**

The Department agrees that identifying and denying claims for IMD-excluded clients are important. Provided that a process or link is implemented allowing the regular receipt of adequate client data from the IMDs, the Department will ensure that the capability to systematically identify, deny, or flag claims for further investigation for IMD-excluded clients is implemented in its reproced MMIS. The reproced MMIS is expected to be operational by March 2016.

In the interim, provided that a process or link is implemented allowing the regular receipt of adequate client data from the IMDs, the managed care eligibility spans of clients admitted or discharged from the IMDs will be updated monthly in the current MMIS to prevent the payment of capitation amounts for clients in the IMDs. Medicaid payments for other types of services will be identified post-adjudication as discussed in the response to part c.

**Current Implementation Status of Recommendation:** Implemented.

**Agency's Current Comments on Implementation Status of Recommendation:**

The Department began processing mental health institute patient admission/discharge files submitted by the Department of Human Services (DHS) on July 1, 2012 and updates information in the current Medicaid Management Information System (MMIS) to prevent the payment of capitation amounts for clients in the IMDs. In addition, the Department has included this requirement in the reprocurement of the MMIS. The MMIS implementation remains on track for 2016 and therefore, the Department will not update this audit recommendation further as the recommendation has been meet by including the requirement in the reprocurement.

**Recommendation #:** 1c

**Agency Addressed:** Department of Health Care Policy and Financing

**Recommendation Text in Audit Report:**

The Department of Health Care Policy and Financing (HCPF) should develop controls to ensure that Medicaid does not pay any claims for Fort Logan or Pueblo Institute patients who fall under the federal institution for mental diseases (IMD) exclusion. Specifically, HCPF should:

- c. Use the patient information obtained through part a to develop a routine process for identifying and reviewing for appropriateness all claims paid for Medicaid clients, regardless of age, who were inpatients at the Fort Logan or Pueblo Institute on the date of service.

**Agency's Response:** Agree

**Agency's Written Response in Audit Report:**

The Department agrees with this recommendation. The Department's Program Integrity Section will conduct monthly data monitoring for fee-for-service claims paid when clients of any age are institutionalized in the mental health institutes. Using data provided by CDHS, together, Program Integrity and Department policy staff will analyze any paid claims for proper recovery actions.

The Program Integrity Section's data team is currently establishing its work plan and will prioritize conducting monthly monitoring to identify fee-for-service claims paid when clients of any age are institutionalized in the mental health institutes. By partnering with CDHS, Program Integrity and Department policy staff will analyze any paid claims for proper recovery actions.

**Current Implementation Status of Recommendation:** Partially Implemented.

**Agency's Current Comments on Implementation Status of Recommendation:**

The Department's Program Integrity Section is conducting data monitoring for fee-for-service claims paid when clients of any are institutionalized in the mental health institutes. Using data provided by the Department of Human Services (DHS), together, Program Integrity and Department policy staff are analyzing any paid claims for proper recovery actions. In addition, the Department's Rates and Analysis Division will include the federal institution for mental diseases (IMD) capitation recovery in its annual behavioral health organization (BHO) capitation reconciliation process. In the next BHO capitation reconciliation cycle starting January 2013, the Division and will recover all capitations paid to IMD clients in FY 2010-11 and will be completed by June 2013.

**Recommendation #:** 1d

**Agency Addressed:** Department of Health Care Policy and Financing

**Recommendation Text in Audit Report:**

The Department of Health Care Policy and Financing (HCPF) should develop controls to ensure that Medicaid does not pay any claims for Fort Logan or Pueblo Institute patients who fall under the federal institution for mental diseases (IMD) exclusion. Specifically, HCPF should:

- d. Investigate the claims questioned in this audit and recoup payments as appropriate.

**Agency's Response:** Agree

**Agency's Written Response in Audit Report:**

The Department agrees with this recommendation and has already begun investigating claims reviewed by the Office of the State Auditor. The Department agrees that the capitation payments identified by the OSA were made in error and will begin its process of recovering those questioned costs and will continue to review the alternative care facility and pharmacy claims to identify any appropriate recoveries.

As part of the Department's Program Integrity (PI) annual work plan, the PI Section has already expanded its scope of review of alternative care facilities that started in January 2012 (currently underway) to identify and determine proper recovery actions involving claims during IMD stays. Should the Department identify any erroneous payments that contain Federal Financial Participation (FFP) funds, the Department will record such reimbursements to the federal government on the CMS-64 in the quarter for which the recovery occurred, return these funds to the federal government, and report these recoveries on the CMS-64.

**Current Implementation Status of Recommendation:** Partially Implemented.

**Agency's Current Comments on Implementation Status of Recommendation:**

The mental health capitation claims will be recovered through the reconciliation process mentioned in recommendation 1C. Federal financial participation funds for fee-for-service claims identified in this audit were returned to the federal government. The Department continues to investigate specific policies around the pharmacy and ACF claims identified by OSA that were paid while the client was in the IMD.

# STATE OF COLORADO



**Colorado Department of Human Services**

*people who help people*

EXECUTIVE DIRECTOR  
Reggie Bicha

1575 Sherman Street  
Denver, Colorado 80203-1714  
Phone 303-866-5700  
[www.cdhs.state.co.us](http://www.cdhs.state.co.us)



John W. Hickenlooper  
Governor

Reggie Bicha  
Executive Director

January 4, 2013

Dianne E. Ray, CPA  
State Auditor  
Colorado Office of the State Auditor  
200 East 14<sup>th</sup> Avenue, 2<sup>nd</sup> Floor  
Denver, CO 80203

Dear Ms. Ray:

In response to your request dated November 20, 2012, we have prepared a status report regarding the implementation of the audit recommendation contained in the May 2012 *Medicaid Eligibility Status for Adult Civil Patients at the Colorado Mental Health Institutes*. The enclosed status report provides a brief explanation of the actions taken by the Colorado Department of Human Services to implement the recommendation.

If you have questions related to the status report, please do not hesitate to contact Maria Sobota at (303) 866-7533 or by email at [maria.sobota@state.co.us](mailto:maria.sobota@state.co.us). A representative from the Department will attend the hearing on January 15, 2013 to present the enclosed status report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Reggie Bicha', written over a horizontal line.

Reggie Bicha  
Executive Director

Enclosure

cc: Nikki Hatch, Deputy Executive Director of Operations  
Lisa Clements, Director, Office of Behavioral Health  
Jay Morein, Director, Office of Performance & Strategic Outcomes  
Charissa Hammer, Director, Audit Division

## **AUDIT RECOMMENDATION STATUS REPORT**

**AUDIT NAME:** Medicaid Eligibility Status for Adult Civil Patients at the Colorado Mental Health Institutes

**AUDIT NUMBER:** 2131B

**DEPARTMENT/AGENCY/ENTITY:** Department of Human Services

**DATE:** December 2012

### **SUMMARY INFORMATION**

*Please complete the table below with summary information for all audit recommendations. For multi-part recommendations, list each part of the recommendation SEPARATELY. (For example, if Recommendation 1 has three parts, list each part separately in the table.)*

<b>Recommendation Number</b> <i>(e.g., 1a, 1b, 2, etc.)</i>	<b>Agency's Response</b> <i>(i.e., agree, partially agree, disagree)</i>	<b>Original Implementation Date</b> <i>(as listed in the audit report)</i>	<b>Implementation Status</b> <i>(Implemented, Implemented and Ongoing, Partially Implemented, Not Implemented, or No Longer Applicable)</i>  Please refer to the attached sheet for definitions of each implementation status option.	<b>Revised Implementation Date</b> <i>(Complete only if agency is revising the original implementation date.)</i>
2	Agree	July 1, 2012	Implemented and Ongoing	

## **DETAIL OF IMPLEMENTATION STATUS**

### **Recommendation #: 2**

**Agency Addressed:** Department of Human Services

### **Recommendation Text in Audit Report:**

The Department of Human Services should work with the Department of Health Care Policy and Financing to develop a process for sending data on the dates of admission and discharge for Medicaid-eligible clients, regardless of age, who are inpatients at the Fort Logan and Pueblo Institutes.

**Agency's Response:** Agree

### **Agency's Written Response in Audit Report:**

The Colorado Department of Human Services will work with the Department of Health Care Policy and Financing to develop a process and send data about the dates of admission and discharge for Medicaid-eligible clients, regardless of age, who are inpatients at the Pueblo and Fort Logan Institutes.

**Current Implementation Status of Recommendation:** Implemented and Ongoing

### **Agency's Current Comments on Implementation Status of Recommendation:**

The Colorado Department of Human Services implemented daily transmissions of Medicaid eligibility data with the Department of Health Care Policy and Financing on June 29, 2012 and will continue to do so going forward.