

Cabinet and Governor Appointed Agencies' Performance Audit Action Item(s) & Status

Medicaid Program Integrity at the Health Care Authority

(See also [cabinet agency response](#) for full context to Washington State Auditor's Office (SAO) [report](#), July 2021)

The Health Care Authority (HCA) was audited for this performance audit.

SAO Recommendations (Rec) Summary to HCA:

1. Provide consistent oversight of program integrity, either through the existing committee structure or by establishing an operations oversight committee focused on overseeing all program integrity requirements within HCA and at other state agencies.
2. Determine key objectives for Medicaid program integrity and include them in the agency's overall strategic plan.
3. Ensure the most critical measures related to the Division's success are included in the agency's performance measurement processes. Periodically review and update these measures, as necessary.
4. Provide the newly formed Division sufficient organizational support and executive oversight to ensure the Division has an approved strategic plan with clear objectives, Division performance measures are appropriate to monitor progress, and corrective actions are initiated quickly when objectives may not be met.
5. Develop a strategic plan for the new Division with stated strategic goals, agreed upon objectives, and a system to monitor progress and hold responsible parties accountable.
6. As part of developing a solid strategic plan, develop a management information and reporting strategy with performance measures and management reports. As Division managers develop this strategy, we recommend they consider the performance measures recommended by experts and used in other states.
7. Develop a Statewide Fraud and Abuse Prevention Plan.
8. Develop procedures to provide consistent oversight of program integrity efforts at sister state agencies. In developing these procedures, consider other state practices as outlined in Appendix E.
9. Clarify the role of the Regulatory Compliance Unit in overseeing program integrity at sister state agencies and determine which unit will be assigned this responsibility.
10. Consider other states' practices for auditing providers contracted with the MCOs as they develop guidance that sets out what the Division wants to examine in managed care and the approach they want to take to audit providers contracted with the MCOs.
11. Clarify the Clinical Review Unit's responsibilities regarding audits of providers contracted with the MCOs.
12. Conduct a program integrity risk assessment to identify the areas and provider types the Division will prioritize for each internal unit's workplan. It could also establish formal risk factors the case management team will use to evaluate leads and incorporate these risk factors in the Division's case management policy and procedures.
13. Improve the use of data analytics to identify leads. Ensure the new fraud and abuse detection system is able to analyze managed care organization leads and rank areas at greatest risk for improper payments.
14. Ensure the new team reviewing leads consistently receives needed data to determine which leads merit further investigation.
15. Hire and train staff dedicated to performing proactive data analytics. We also recommend HCA consider reclassifying these positions to attract and retain the expertise needed.

16. Establish a process to determine which referrals from MCOs and DSHS are credible allegations of fraud.
17. Develop a process to analyze the leads and other information in reports provided by MCOs.
18. Finalize the necessary arrangements to collaborate with the Unified Program Integrity Contractor and determine how to best use the contractor’s services.
19. Establish a communications strategy to ensure staff are aware of new expectations as part of implementing the recommendations listed above.

The table below shows the current status of action items the agency initiated to address issues identified in the performance audit report. Please see the [cabinet agency response](#) for additional context and any additional steps already taken.

For an explanation of the columns below, [see the legend](#).

Issue/ Rec	Status	Action Steps	Lead Agency	Due Date	Current Resources ?	Budget Impact?	Legislation Required?	Notes
Rec 1-4	Complete	Form a work group to develop recommendations to executive leadership	HCA	12/21	Yes	No	No	A workgroup comprising of executive leaders discussing Program Integrity activities began meeting in October of 2021.
Rec 5-6	Complete	Strategic plan approved by leadership	HCA	3/22	Yes	No	No	The division’s strategic plan was completed and approved on 3/10/2022.
Rec 7-9	In Progress	Develop statewide fraud and abuse prevention plan with partner agencies	HCA	6/22 12/23	Yes	No	No	Finalizing language and submitting edits to the MOU contract with DCYF. Anticipate completion of the MOU with DCYF by the end of 2023. The MOU with DSHS is fully executed.
Rec 10-11	Complete	Develop and implement a documented process for auditing MCO providers.	HCA	12/21	Yes	No	No	An audit process is in place and was executed on 4/1/2021.
Rec 12-13	In Progress	Implement a new Fraud and Abuse Detection system.	HCA	6/22 - 11/23	No	Yes	No	- The system went live on November 30, 2022. HCA is awaiting certification from CMS.
Rec 14	Complete	Intake and Case Management Team process	HCA	N/A	Yes	No	No	In place for several months before the performance audit was published.
Rec 15	Complete	Assess the classification of data analysts dedicated to proactive analysis	HCA	12/21	Yes	No	No	The classification of data analysts was assessed, and a memo was provided on the topic on 12/20/2021.
Rec 16	Complete	Develop processes around credible allegations of fraud for DSHS and MCO referrals.	HCA	3/22	Yes	No	No	A process was created and put into practice on 3/24/2022.

Issue/ Rec	Status	Action Steps	Lead Agency	Due Date	Current Resources ?	Budget Impact?	Legislation Required?	Notes
Rec 17	Complete	Develop processes to analyze leads provided by MCOs.	HCA	3/22	Yes	No	No	A process was created and put into practice on 3/24/2022.
Rec 18	Complete	Finalize arrangements with Unified Program Integrity Contractor	HCA	12/21	Yes	No	No	The agreement was executed on 12/3/2021.
Rec 19	Complete/ ongoing	HCA has an ongoing communication plan	HCA	N/A	Yes	No	No	