November 16, 2015

Elizabeth Dudek, Secretary
Agency for Health Care Administration
2727 Mahan Drive
Tallahassee, Florida 32308

Dear Secretary Dudek:

In accordance with Internal Auditing Standards, attached is the six-month status report on the implementation of our recommendations in report #15-18, Pre-Admission Screening and Resident Review Process (PASRR), published on May 14, 2015. Status information was provided by the Division of Medicaid, Medicaid Policy and Medicaid Program Finance Bureaus, and by the Division of Operations, Financial Services Bureau.

Management has indicated that corrective action is still in progress for one of the three recommendations. In August 2015, the Agency-approved Department of Elder Affairs’ (DOEA) Cost Allocation Plan was submitted to the U.S. Department of Health and Human Services, Division of Cost Allocation. A new interagency agreement between the Agency and DOEA was also executed in August 2015, and a comprehensive agreement is being developed. Recommendations from report #15-18 and management’s responses can be found in the attached table. We will schedule another follow-up review in six months to assess the status of the efforts taken by the Division of Medicaid to correct all open issues.

If you have any questions regarding this status report, please let me know.

Sincerely,

[Signature]
Eric W. Miller
Inspector General

EWM/tms
Attachment
cc: Justin Senior, Deputy Secretary for Medicaid
    Tonya Kidd, Deputy Secretary for Operations
    Toby Philpot, Chief of Staff
    Mallory Deason, Director of Communications
    Melinda Miguel, Chief Inspector General, Executive Officer of the Governor
<table>
<thead>
<tr>
<th>No.</th>
<th>Recommendation</th>
<th>Previous Management Response(s)</th>
<th>Status Update, Anticipated Completion Date and Contact</th>
</tr>
</thead>
</table>
| 1   | We recommend that AHCA review Department of Elder Affairs’ (DOEA) proposed cost allocation methodology to ensure it identifies Comprehensive Assessment and Review for Long-Term Care Services (CARES) PASRR and non-PASRR-related activities that qualify for different Federal Financial Participation (FFP) funding rates and submit the approved plan to Health and Human Services for federal approval. | The AHCA Bureau of Medicaid Policy has worked with DOEA CARES representatives to establish an updated cost allocation plan (CAP) to ensure that activities related to PASRR and non-PASRR work are correctly identified, and AHCA has approved this CAP. AHCA plans to submit the updated CAP to federal Department of Health and Human Services, Division of Cost Allocation (DCA). *Anticipated Date of Completion:* The CAP is finalized and approved by AHCA. The anticipated date for submission to DCA is July 1, 2015. | The CAP was submitted to DCA in August 2015.  
Laura Risech  
Bureau of Medicaid Policy  
Program Policy Unit |
| 2   | We recommend that AHCA update its Cooperative Agreement with DOEA to:  
• Include the approved CARES’ cost allocation methodology which identifies CARES PASRR and non-PASRR activities;  
• Require submission of an annual budget (Exhibit “A”) that includes the total agreement amount and that is consistent with DOEA’s CAP;  
• Require invoices to identify PASRR-related activities consistent with the approved cost allocation methodology and for claiming on the CMS-64 form; and  
• Clearly address the monitoring and oversight responsibilities of AHCA in its predominant fiduciary duties related to Medicaid funding and the avoidance of payments for unallowable activities. | AHCA has developed, and is close to execution of, an updated memorandum of understanding that includes the information listed. *Anticipated Date of Completion:* The agreement is currently routing through AHCA and was with the AHCA procurement office as of May 1, 2015. Estimated date of finalization of the agreement is June 2015. | The agreement was fully executed in August 2015.  
Laura Risech  
Bureau of Medicaid Policy  
Program Policy Unit |
<table>
<thead>
<tr>
<th>No.</th>
<th>Recommendation</th>
<th>Previous Management Response(s)</th>
<th>Status Update, Anticipated Completion Date and Contact</th>
</tr>
</thead>
</table>
| 3   | We recommend that AHCA consider combining the Cooperative Agreement and the Interagency PASRR Agreement and update such consolidated agreement as necessary to provide a comprehensive agreement that addresses all current responsibilities of each state agency concerning the administration of the CARES program. | AHCA has undertaken a project to compile all interagency agreements into one for each state agency. The comprehensive agreement with DOEA is underway.  

*Anticipated Date of Completion: We anticipate completion of the comprehensive agreement with DOEA to be September 2015.*                                                                 | Edits are currently being made to the comprehensive agreement and we anticipate full execution by January 2016.  

Laura Rische  
Bureau of Medicaid Policy  
Program Policy Unit |