



Department of Legislative Services
Office of Legislative Audits

Department of Health and
Mental Hygiene

Family Health Administration

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Presentation to Joint Audit Committee

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Audit Overview

- The Family Health Administration (FHA) works to prevent and control chronic diseases; prevent injuries; provide public health information; and promote healthy behaviors in Marylanders. In addition, FHA strives to ensure that quality health care services are available, especially for at-risk and vulnerable people.
 - FHA is also responsible for administering the Tobacco Use and Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program. These Programs are financed by the Cigarette Restitution Fund (CRF).
 - During FY 2007, FHA expenditures totaled approximately \$203 million, including \$46 million applicable to the CRF.
 - Audit report included eight findings, with one finding repeated from the preceding audit report.
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Key Audit Issues

- Substantive action was not taken when a vendor did not meet contract requirements. Subsequently, critical Maryland Cancer Registry (MCR) data under the control of the vendor was determined to be deliberately altered. (Finding 1)
 - FHA did not exercise adequate oversight of CRF grants to ensure compliance with program goals and fiscal requirements. (Finding 2)
 - Claims processing deficiencies were noted for the State funded Breast and Cervical Cancer Diagnosis and Treatment Program (BCCDTP). In addition, FHA did not ensure it maximized Federal recoveries and minimized State expenditures by determining if BCCDTP recipients were eligible for Medicaid. (Findings 5 and 6)
 - FHA did not properly monitor and account for grants to the Prince George's Hospital Center. (Finding 7)
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Maryland Cancer Registry

Dataset Problems

- FHA did not take any substantive action when a vendor failed to attain a national certification for Maryland Cancer Registry (MCR) for the 2001 dataset, as required by the contract. (Finding 1)
- Certain registry data (mainly for the 2001 and 2002 datasets) under control of the vendor were determined to be deliberately altered to indicate that numerous individuals had cancer when they did not.
- The 2002 dataset was not reviewed until August 2005. FHA noted significant increases in the number of cases of cervical cancer and melanoma (for example, more than 90% increase in cervical cases from 1998 to 2002) and when questioned, the vendor could not provide an adequate explanation.



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Maryland Cancer Registry - continued

- In July 2005, FHA sent letters to 2,300 patients, who per the MCR had breast or cervical cancer, requesting that they be part of a DHMH study. Subsequently, FHA received calls from individuals who had received the letters, but had never been diagnosed as having cancer. FHA later estimated that up to 400 individuals who were sent letters were erroneously listed on the MCR as having cancer.

Investigations

- In May 2006, FHA received information regarding the deliberate alterations of the MCR data and referred the matter to the DHMH-OIG. An investigation was conducted, the aforementioned study was suspended, and the vendor terminated the employee responsible for the MCR data.
 - The vendor also completed its own investigation and determined that over 13% of all cases in diagnosis year 2002 showed some sign of alteration.
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Maryland Cancer Registry - continued

- Changes were made after the cases were initially entered into the MCR by the laboratory facility or provider. For example, a significant number of discrepancies between the lab/provider reports and the comparable MCR data for prostate cancer cases were noted, with 3,895 and 3,248 discrepancies in the 2001 and 2002 datasets, respectively.
- The vendor concluded that these changes were methodical and were made by one or more persons with broad access to the system, and not a result of a random set of events.

Impact

- Recipients of the MCR data (such as, federal Centers for Disease Control and Prevention, other states, and researchers) were using incorrect data.
 - MCR data is also used in the award of local public health grants.
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Cigarette Restitution Fund

Certain grants from the Cigarette Restitution Fund (CRF) were not adequately monitored. (Finding 2) During FY 2007 over \$38 million in grants were disbursed from the CRF.

- Required annual site visits of grantees to verify compliance with program goals and fiscal requirements were not conducted for grants totaling \$28 million.
 - Four of five grantees tested, which received \$4.7 million during FY 2007, did not meet specific performance requirements and no corrective action plans were obtained.
 - FHA reduced the performance requirements for two other grantees that received \$1.2 million to more closely align with the actual results.
 - Certain grantees had not submitted annual expenditure reports.
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Breast & Cervical Cancer Diagnosis and Treatment

The Breast and Cervical Cancer Diagnosis and Treatment Program (BCCDTP) is a State-funded program that pays for diagnostic and treatment services provided to low-income individuals with qualifying medical conditions. During FY 2007, FHA paid medical providers \$12.6 million on behalf of 4,200 recipients.

Claims Processing Deficiencies (Finding 5)

- FY 2007 claims totaling \$7.7 million were processed for payment using system overrides and did not receive supervisory review. Consequently, there was a lack of assurance that the claims were proper.
 - FHA routinely paid claims submitted by providers more than nine months after the date of service, in violation of State regulations. We estimate that approximately \$545,000 in claims paid during FY 2007 were submitted on average 13 months after the date of service. Some had service dates dating back to 2003.
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BCCDTP - continued

Potential Recipient Eligibility for Medicaid (Finding 6)

Since BCCDTP is primarily financed by general funds, enrolling participants in Medicaid reduces the State's expenditures. Consequently, State regulations require all BCCDTP recipients to apply for Medicaid.

- Although FHA sent letters to recipients after they enrolled in BCCDTP requesting that they apply for Medicaid, FHA continued to pay claims and continued the recipients' eligibility, even when the recipients did not apply for Medicaid. According to FHA's records, 745 recipients did not respond to the letters and could potentially be Medicaid eligible.
 - Due to computer programming deficiencies, weekly automated matches of BCCDTP and Medicaid recipients would not always alert FHA if recipients were enrolled in Medicaid.
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Prince George's Hospital Center Grants

FHA did not properly monitor and account for grant funds totaling \$11.3 million (\$6.3 million general funds and \$5 million special funds) awarded to Prince George's Hospital Center for fiscal years 2006 and 2007. (Finding 7)

For example,

- The grant agreement did not include a provision that required the Center to provide a budget detailing how the funds were to be spent.
- The annual reports submitted by the grantee did not detail how the funds were spent.
- FHA did not perform annual financial audits. The Center disclosed that FY 07 State grant funds totaling \$701,103 were used for expenditures related to two other hospitals due to a system error.



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Conclusion

FHA should:

- Take substantive action when conditions of a contract are not met or document why no action was taken. FHA should also work with the appropriate agencies to investigate and resolve the aforementioned alterations to the MCR data.
- Exercise adequate oversight of grants funded by the CRF.
- Address the internal control deficiencies regarding the BCCDTP claims processed, and institute appropriate procedures to maximize Federal recoveries.
- Properly monitor grant funds provided to the Prince George's Hospital Center.