



DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

April 8, 2025

Brian S. Tanen, CPA, CFE
Legislative Auditor

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen Street
Annapolis, Maryland 21401

Delegate Benjamin S. Barnes, Chair
House Appropriations Committee
Lowe House Office Building, Room 121
6 Bladen Street
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

The Office of Legislative Audits (OLA) has reviewed the actions taken by the Maryland Department of Health (MDH) Medical Care Programs Administration (MCPA) to resolve the 8 repeat audit findings (that were addressed by 11 recommendations) in our November 2, 2023 audit report. This review was conducted in accordance with a requirement specified in the April 2024 *Joint Chairmen's Report* (JCR), page 124. The JCR required that, prior to the release of \$100,000 of its administrative appropriation for fiscal year 2025, MCPA must take corrective action on all repeat audit findings on or before November 1, 2024.

The JCR language further provided that OLA submit a report to the budget committees listing each repeat audit finding along with a determination that each repeat finding was corrected. The OLA report is required to be submitted to allow 45 days for the budget committees to review and release the funds prior to the end of the fiscal year. Certain detailed information and exhibits have been deemed cybersecurity related and therefore have been redacted in accordance with the State Government Article Section 2-1224(i), of the Annotated Code of Maryland.

In accordance with the April 2024 JCR requirement, MDH on behalf of MCPA provided a status report to OLA, dated November 1, 2024, detailing certain corrective actions that had been completed and actions that were ongoing with respect to all eight repeat audit findings (**Exhibit 1**). The MCPA status report indicated, for the non-cybersecurity-related findings, that corrective actions had been completed for all the recommendations in findings 4 and 5. For findings 1, 2, 6, and 7, the MCPA status report indicated they had implemented certain elements of these recommendations, but the actions to date did not address the entirety of the findings.

We reviewed the implementation status for the two non-cybersecurity-related findings that MDH reported as complete on the status report. Specifically, we reviewed the related documentation, performed limited tests and analyses of the information, and held discussions with MCPA personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards.

As summarized in **Exhibit 2**, our review determined that for the two non-cybersecurity-related findings, MCPA had not yet taken sufficient actions to implement the recommendations for findings 4 and 5. Although MCPA had implemented certain elements of these recommendations, the actions to date did not address the entirety of the findings as further described in **Exhibit 3**.

After discussing our review results, MCPA generally agreed with the accuracy of the information presented. We wish to acknowledge the cooperation extended to us during the review by MCPA. We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

cc: Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Joint Audit and Evaluation Committee Members and Staff
Senator William C. Ferguson IV, President of the Senate
Delegate Adrienne A. Jones, Speaker of the House of Delegates
Governor Westley W. Moore
Comptroller Brooke E. Lierman
Treasurer Dereck E. Davis
Attorney General Anthony G. Brown
Secretary Helene T. Grady, Department of Budget and Management
Acting Secretary Ryan B. Moran, Dr.P.H., MDH
Erin K. McMullen, R.N., Chief of Staff, MDH
Tricia C. Roddy, Deputy Medicaid Director, MDH
Perrie T. Briskin, Chief of Staff, Health Care Financing, MCPA
Frederick D. Doggett, Director, Internal Controls, Audit Compliance & Information Security, MDH
Joan M. Peacock, Manager, Audit Compliance Unit, Department of Budget and Management
Victoria L. Gruber, Executive Director, Department of Legislative Services
Anne W. Braun, Policy Analyst, Department of Legislative Services

Exhibit 1 to April 8, 2025 Letter to Joint Chairmen

Third-Party Liability

Finding 1

The Medical Care Programs Administration (MCPA) did not ensure that all referrals of potential third-party health insurance information were investigated and recorded in the Medicaid Management Information System (MMIS II), which could result in MCPA improperly paying claims that should have been paid by a third party.

Recommendation 1b

We recommend that MCPA ensure that all MCO insurance referrals are recorded into MMIS II timely (repeat).

Status of Recommendation 1b			
Status as of 11/1/2024	In Progress	Completion Date:	12/31/24
Please provide details of corrective action taken.	While working to automate this process as outlined above, MCPA continues to enter data manually and increase staffing support to address backlogs of data entry. All 2019, 2020, 2021, 2022 and 2023 files through September 2023 that were associated with the audit finding have been updated. MCPA continues to recruit for vacant positions to support manual entry.		

Review of Questionable Activity

Finding 2

MCPA did not have effective processes to identify, prevent, and recover questionable Medicaid payments, including \$7.1 million in payments on behalf of incarcerated and deceased recipients.

Recommendation 2b

We recommend that MCPA establish effective processes over questionable Medicaid payments. Specifically, MCPA should sufficiently document its reviews of investigations of questionable recipient eligibility (including instances of recipients missing SSNs or receiving Medicaid benefits in other states) to support that proper corrective action was taken (repeat).

Status of Recommendation 2b			
Status as of 11/1/2024	In Progress	Completion Date:	Ongoing Monitoring
			7/31/2025 for

Exhibit 1 to April 8, 2025 Letter to Joint Chairmen

			System modifications
Please provide details of corrective action taken.	MCPA continues to conduct reviews of customers with questionable recipient eligibility as with missing SSNs or Public Assistance Reporting Information System (PARIS) cases in partnership with the local departments of health and DHS. MCPA has developed the written procedures for documenting program integrity and supervisory reviews of Missing SSNs and PARIS Matches and is in the process of issuing updated guidance to local health department (LHD) and local department of social services (LDSS) Medical Assistance staff. MCPA is working to systematically integrate Maryland's Surveillance and Utilization Review Subsystem (SURS) fraud surveillance system as part of audit procedures by mid-2025.		

Program Oversight

Finding 4
MCPA had not established adequate oversight to ensure that all CFC program recipients received personal assistance services in accordance with their plans of services.

Recommendation 4a

We recommend that MCPA establish a process to ensure that all CFC recipients are monitored by nurses (repeat).

Status of Recommendation 4a			
Status as of 11/1/2024	Completed	Completion Date:	Complete
Please provide details of corrective action taken.	MCPA developed a Nurse Monitoring Agreement, which establishes clear standards for the service, its delivery, and its continuous monitoring by both the Local Health Departments (LHDs) providing nurse monitoring and MCPA. Medicaid leadership met with the Health Officers on January 10, 2024 to review the Nursing Monitor Agreement. Nurse Monitoring Agreements were executed with every LHD as of May 15, 2024.		

Exhibit 1 to April 8, 2025 Letter to Joint Chairmen

Finding 5

MCPA did not monitor the utilization control agent contractor to ensure continued stay reviews of Medicaid recipients receiving services from nursing facilities were performed timely.

Recommendation 5

We recommend that MCPA monitor the UCA vendor to ensure CSRs are performed timely and assess liquidated damages as permitted by the contract (repeat).

Status of Recommendation 5			
Status as of 11/1/2024	Completed	Completion Date:	Complete
Please provide details of corrective action taken.	MCPA begins operations with a new UCA contract starting 9/3/2024. With the new contract, protocols will be in place to ensure CSRs are performed timely. MCPA will continue to assess liquidated damages as permitted by the contract.		

Finding 6

MCPA did not have an established process to ensure costly recipient ventilator care claims submitted by nursing facilities were valid, as required by State regulations.

Recommendation 6

We recommend that MCPA establish procedures to periodically validate ventilator care claims submitted by nursing facilities, as required by State regulations, and recoup any claim payments that are determined to be unsupported or improper (repeat).

Status of Recommendation 6			
Status as of 11/1/2024	In Progress	Completion Date:	4/1/25
Please provide details of corrective action taken.	MCPA began operations with a new UCA contract starting 9/3/2024. The UCA will take on the task of completing ventilator care validations using a process developed in collaboration with MCPA. The UCA will complete any outstanding validations from MCPA's current list and, after completing them, move to the next year.		

Exhibit 1 to April 8, 2025 Letter to Joint Chairmen

Finding 7

MCPA did not conduct the required audits of Medical Day Care (MDC) and Supports Planning providers, and the related audit policy and procedures were not sufficiently comprehensive.

Recommendation 7a

We recommend that MCPA audit MDC providers (repeat).

Status of Recommendation 7a			
Status as of 11/1/2024	In Progress	Completion Date:	12/31/24
Please provide details of corrective action taken.	Annual Supports Planning Agency audits commenced in February 2024 and are on pace to be completed by the end of calendar year 2024 in alignment with MCPA's policy. MCPA developed an MDC audit schedule in alignment with its policy. MDC audits are ongoing utilizing the revised standard operating procedure recommended by the OLA auditors.		

Recommendation 7b

We recommend that MCPA ensure that all MDC provider claims since the previous audit are subject to testing (repeat).

Status of Recommendation 7b			
Status as of 11/1/2024	In Progress	Completion Date:	12/31/24
Please provide details of corrective action taken.	The MDC program has updated its auditing tool to require all auditing staff document the time period of the previous attendance audit and resume attendance auditing from that period to ensure no time periods are skipped or missed while auditing each provider. The standard operating procedure (SOP) was also updated. The MDC team has received updated training and will continue to engage in monthly audit meetings to ensure competency and employ standardization among staff, reinforce best practices, discuss findings, auditing progress, and technical assistance.		

Recommendation 7c

We recommend that MCPA enhance its MDC audit policy to establish audit scope requirements and testing methodology, including a requirement to expand audit testing when significant deficiencies are identified (repeat).

Exhibit 1 to April 8, 2025 Letter to Joint Chairmen

Status of Recommendation 7c			
Status as of 11/1/2024	Completed	Completion Date:	Complete
Please provide details of corrective action taken.	The MDC program established a SOP that directs an expansion of audits based on specific deficiencies. Findings, risk controls, mitigation strategies, and best practices are discussed with MDC providers at the conclusion of the audit. MDC providers must provide a corrective action plan (CAP) to MCPA when deficiencies are discovered. The CAP must outline the remediation the MDC provider will take to ensure compliance.		

Information Systems Security and Control

Confidentiality Notice – The Information Systems Security and Control section, including Findings 9 and 10, has been deemed to contain cybersecurity-related information and audit findings and was redacted from the publicly available report and correspondence.

Finding 9
Redacted cybersecurity-related finding.

Status of Recommendation 9a			
Status as of 11/1/2024	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency corrective actions have been redacted by OLA.		

Status of Recommendation 9b			
Status as of 11/1/2024	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency corrective actions have been redacted by OLA.		

Exhibit 1 to April 8, 2025 Letter to Joint Chairmen

Finding 10 Redacted cybersecurity-related finding.

Status of Recommendation 10			
Status as of 11/1/2024	Select Status	Completion Date:	
Please provide details of corrective action taken.	Agency corrective actions have been redacted by OLA.		

Exhibit 2 to April 8, 2025 Letter to Joint Chairmen

Status of Repeat Findings in Office of Legislative Audits' (OLA) November 2, 2023 Audit Report on the Maryland Department of Health – Medical Care Programs Administration (MCPA)

Prior Recommendations Pertaining to Repeat Findings	MDH Reported Status	Status Based on OLA Review
Third-Party Liability 1. We recommend that MCPA ensure that b. all Managed Care Organizations' insurance referrals are recorded into the Medicaid Management Information System timely.	In Progress	Not Reviewed
Review of Questionable Activity 2. We recommend that MCPA establish effective processes over questionable Medicaid payments. Specifically, MCPA should b. sufficiently document its reviews of investigations of questionable recipient eligibility (including instances of recipients missing Social Security Numbers or receiving Medicaid benefits in other states) to support that proper corrective action was taken.	In Progress	Not Reviewed
Program Oversight 4. We recommend that MCPA a. establish a process to ensure that all Community First Choice recipients are monitored by nurses.	Completed	Not Resolved (In Progress)
5. We recommend that MCPA monitor the utilization control agent vendor to ensure continued stay reviews are performed timely and assess liquidated damages as permitted by the contract.	Completed	Not Resolved (In Progress)
6. We recommend that MCPA establish procedures to periodically validate ventilator care claims submitted by nursing facilities, as required by State regulations, and recoup any claim payments that are determined to be unsupported or improper.	In Progress	Not Reviewed

Exhibit 2 to April 8, 2025 Letter to Joint Chairmen

Status of Repeat Findings in OLA's November 2, 2023 Audit Report on the Maryland Department of Health – Medical Care Programs Administration (MCPA)

Prior Recommendations Pertaining to Repeat Findings	MDH Reported Status	Status Based on OLA Review
7. We recommend that MCPA a. audit Medical Day Care (MDC) providers.	In Progress	Not Reviewed
b. ensure that all MDC provider claims since the previous audit are subject to testing.	In Progress	Not Reviewed
c. enhance its MDC audit policy to establish audit scope requirements and testing methodology, including a requirement to expand audit testing when significant deficiencies are identified.	Completed	Resolved
Information Systems Security and Control¹ 9.	Status Redacted	
a. Redacted cybersecurity-related recommendation.		
b. Redacted cybersecurity-related recommendation.		
10. Redacted cybersecurity-related recommendation.	Status Redacted	

¹ Specific information related to cybersecurity-related findings 9 and 10 has been redacted from the publicly available document in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

Exhibit 3 to April 8, 2025 Letter to Joint Chairmen

Comments on Findings OLA Assessed as Unresolved

Prior Report Recommendation – Finding 4

We recommend that Maryland Department of Health (MDH) - Medical Care Programs Administration (MCPA)

a. establish a process to ensure that all Community First Choice (CFC) recipients are monitored by nurses (repeat).

Status as Determined by MDH – Completed

Office of Legislative Audits (OLA) Assessment of Status – Not Resolved

Our review disclosed that MCPA developed, but had not yet implemented, a process to ensure that all CFC recipients received nurse monitoring visits. MCPA management advised that the new process would not be implemented until July 2025.

Prior Report Recommendation – Finding 5

We recommend that MCPA monitor the utilization control agent (UCA) vendor to ensure continued stay reviews (CSRs) are performed timely and assess liquidated damages as permitted by the contract (repeat).

Status as Determined by MDH – Completed

OLA Assessment of Status – Not Resolved

Our review disclosed that, as of February 2025, MCPA was still developing a procedure to independently verify that the UCA vendor conducted CSRs timely. Accordingly, MCPA could not readily determine whether liquidated damages should be assessed.