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## Chapter II – Health and Human Services

### **Disclosure Issues**

In addition to the recommendations included in audit reports for state agencies, audit reports may also include disclosure issues. Disclosure issues are items of which the Legislative Auditor believes the legislature should, but may not be, aware. They include situations where the law may not directly address the issue, where spending by state agencies might be inconsistent with what appears to be the intent of the legislature or where amounts on the state's accounting records might not be accurate. The disclosure issues listed below are included in reports for the agencies addressed in this section.

There were no disclosure issues for agencies included in this section.

# FINANCIAL-COMPLIANCE AUDIT

## Department of Public Health and Human Services

For the Two Fiscal Years Ended June 30, 2013

NOVEMBER 2013

13-14

REPORT SUMMARY

The Department of Public Health and Human Services (department) operates a portfolio of medical, economic assistance, and public health programs to serve Montanans. Many of these programs are counter-cyclical, with increases in demand for services coinciding with downturns in employment, income, and state revenues. However, Medicaid and Temporary Assistance for Needy Families (TANF) enrollments increased by 7.7 and 3.03 percent, respectively, between June 2012 and June 2013. Medicaid mental health case load increased by 20.06 percent in the same period.

### Context

Department expenditures during the past fiscal year included \$1.254 billion in federal funds. Twelve federal programs comprised 91.8 percent of the federal expenditure total with Medicaid and Supplemental Nutrition Assistance Program (SNAP) comprising 80.5 percent of that total.

The department also operates mental health, developmental disabilities, and long-term care facilities. The department contracts for Medicaid claims processing services and manages a number of information systems to handle eligibility, contractor payments, and other data intensive elements of its programs.

### Results

The report includes 16 recommendations to improve internal controls, enhance compliance with federal laws and regulations, and achieve compliance with state statutes. Issues address TANF fiscal monitoring, department payments not allowable under

federal law or program grant agreements, prevention of inappropriate access to computer systems, overcharge for infant formula rebate, and reallocation of alcohol tax distributions in accordance with state law.

We questioned \$4,300,075 in costs charged to federal grants as a result of our audit.

The prior audit report had 15 recommendations. The department implemented 10, partially implemented four, and did not implement one.

Recommendation Concurrence	
Concur	16
Partially Concur	0
Do Not Concur	0
<b>Source: Agency audit response included in final report.</b>	

For a complete copy of the report (13-14) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>

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**INFORMATION SYSTEMS AUDIT**  
**Vital Statistics Information Management System**  
 Department of Public Health and Human Services

JANUARY 2014

13DP-02

REPORT SUMMARY

Vital records directly affect the lives and benefits of all present and former Montana residents. Failure to protect vital records information could affect federal and state services to Montana citizens. The audit team identified areas which could be strengthened to maximize the integrity of vital statistics data and records.

**Context**

The Vital Statistics Information Management System (VSIMS) is a web-based application used for managing vital records such as birth and death certificates. The system is operated by the Office of Vital Statistics (OVS) within the Department of Public Health and Human Services. There are approximately 2,000 users who access the system on a daily basis to enter new vital records, review existing information, and issue certified copies of certificates.

As described in §50-15-122, MCA, it is the policy of the state to protect the integrity of vital records and vital reports, to ensure their proper use, and to ensure the efficient and proper administration of the system of vital statistics. The audit focused on controls related to access including assignment, permissions, and monitoring; input validations and edits to ensure data integrity; and protection of data output.

- ◆ Six-month user review process should be updated to include all users.
- ◆ Creation and assignment of application roles – should be reviewed to ensure only required access is granted.
- ◆ User account passwords – need to ensure users reset passwords regularly.
- ◆ User monitoring – should establish a process for ongoing review of users with administrative rights.
- ◆ Release of death record data – protocol needs to be consistent with policy.
- ◆ Use of automation – should analyze processes and use automation where possible to increase efficiencies.

**Results**

From the audit work conducted, we concluded OVS has incorporated controls within VSIMS; however, some procedures could be strengthened. The following is an overview of the areas that include recommendations for improvements:

Recommendation Concurrence	
Concur	6
Partially Concur	0
Do Not Concur	0
<b>Source: Agency audit response included in final report.</b>	

For a complete copy of the report (13DP-02) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>  
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## PERFORMANCE AUDIT

## Childhood Immunization Program

Department of Public Health and Human Services

MAY 2014

13P-07

REPORT SUMMARY

Montana is currently and historically ranked among the lowest states for the immunization coverage rate for children 19-35 months old. Montana's young children could be better protected against vaccine preventable diseases by aligning state immunization requirements with Centers for Disease Control and Prevention recommendations, monitoring preschool immunization activity, improving verification and reporting of immunization records for schools, and providing more statutory guidance for the use of the state's immunization registry.

### Context

The Montana Immunization Program is part of the Communicable Disease Control and Prevention Bureau within the Public Health and Safety Division of the Department of Public Health and Human Services (department). Most of its \$3 million annual budget is funded from federal sources. The Immunization Program has 10 FTE and affects in some way every child in every county of the state through the immunizations they and their contemporaries receive. Montana has a population of nearly 61,000 children under the age of 5. There are an additional 11,700 kindergartners and more than 66,000 elementary school attendees that are most directly affected by state immunization requirements.

Historically, Montana has ranked either last-or among the lowest-of the states in immunization coverage for 19-35 month old children.

In Montana, there are lists of age-appropriate immunizations that generally all children must receive prior to attending a Montana child care, preschool, and school located in state law and administrative rule. This audit focused on determining if the department effectively enforces child care facility, preschool, and elementary school compliance with immunization requirements.

### Results

Audit work found that Montana's existing immunization requirements for various facilities do not align with current standards of care for immunizations to protect against vaccine preventable diseases.

We also found no monitoring of preschool immunization requirement compliance by the department, except for preschools that are run in combination with a licensed or registered child care.

Audit work identified that while the department does monitor child care facility compliance with immunization requirements, improvements could be made to better ensure children in these settings are protected against vaccine preventable diseases. These include following up with children reported as noncompliant with requirements and changing the selection process of child care facilities for assessment.

While the department annually collects data from schools regarding the immunization status of their students, we found improvements could be made such as more consistent compilation and verification of

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data submitted by the schools to better protect elementary school attendees.

This audit also focused on the efficient and effective use of Montana's Immunization Registry (imMTrax), which is designed to make immunization requirement tracking and related activities more efficient and effective through centralized data storage and access. We identified several issues affecting the use of imMTrax, including a lack of statutory guidance regarding the sharing of information within the system, and the need for improved controls to ensure data within the system is accurate and reliable.

Recommendation Concurrence	
Concur	9
Partially Concur	1
Do Not Concur	0
<b>Source: Agency audit response included in final report.</b>	

For a complete copy of the report (13P-07) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the web site at <http://leg.mt.gov/audit>  
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## PERFORMANCE AUDIT

Detection and Resolution of Suspected  
Medicaid Recipient Prescription  
Fraud and Abuse

Department of Public Health and Human Services

MAY 2013

12P-12

REPORT SUMMARY

More than \$75 million was spent during fiscal year 2012 on Medicaid prescription drugs in Montana. The Department of Public Health and Human Services should comply with federal regulations and develop a process for detecting, identifying, and resolving suspected cases of recipient prescription fraud and abuse.

**Context**

Authorized by state and federal law, the Montana Medicaid Program is a joint federal-state program which provides medical coverage, including prescription benefits, to eligible Montanans. The program is administered by the state Department of Public Health and Human Services (department). As part of its obligations for administering Medicaid, the department is required by federal regulation to conduct specific duties related to fraud and abuse. Our audit focused on the department's activities related to identification, investigation, and resolution of potential prescription-related fraud and abuse by Medicaid recipients.

**Results**

Federal regulations mandate inclusion of a fraud detection and investigation program within state Medicaid programs. Additionally, state Medicaid agencies are required to have methods and criteria for identifying suspected fraud cases. Based on audit work, we determined the department is not in compliance with federal regulations and identified weaknesses in the department's controls related to prescription-related fraud and abuse.

While we determined the department and a contractor analyze prescription claim data, we found no formal process for tracking cases identified through this analysis. In addition, we reviewed administration of a department hotline promoted as a hotline available to receive information about Medicaid recipient fraud or abuse. We determined the hotline is not an effective mechanism for identifying potential recipient fraud or abuse and improvements in its administration are needed.

We also sought to determine if the department effectively investigates and resolves cases of suspected prescription-related fraud or abuse in a manner which complies with state and federal requirements. We selected a sample of 31 potential cases to assess department efforts in this area. We found the department has a limited process for investigating these types of cases. Additionally, we determined the department has no process for referral of cases to law enforcement. In our sample, we noted allegations of illegal activity by recipients related to prescription drug diversion and "doctor-pharmacy shopping." None of the cases in our sample were referred

to appropriate law enforcement. Additionally, we reviewed the department's internal monitoring of recipients identified as having inappropriate or excessive use of prescription services. We noted weaknesses related to how the department tracks these recipients.

To address these concerns and others, we make eight recommendations to the department to comply with federal regulations and develop a process for detecting, identifying, and resolving cases of suspected prescription fraud and abuse in the Medicaid program.

Recommendation Concurrence	
Concur	8
Partially Concur	0
Do Not Concur	0
<b>Source: Agency audit response included in final report.</b>	

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