



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL



OFFICE OF AUDIT SERVICES, REGION II
JACOB K. JAVITS FEDERAL BUILDING
26 FEDERAL PLAZA, ROOM 3900
NEW YORK, NY 10278

January 13, 2021

Report Number: A-02-21-01004

Carlos Mellado-López, M.D.
Secretary of Health
Puerto Rico Department of Health
P.O. Box 70184
San Juan, PR 00936-8184

Dear Dr. Mellado-López:

The purpose of this letter is to notify you of our intention to conduct an audit to determine whether the Puerto Rico Department of Health (State agency) made unallowable capitation payments to Medicaid managed care organizations on behalf of Medicaid beneficiaries assigned multiple Medicaid identification numbers. The audit period will include capitation payments made during the period April 1, 2018, through September 30, 2020.

As a recipient of Department of Health and Human Services (HHS) grant funds, the State agency is subject to Office of Inspector General (OIG) audits and other reviews. Pursuant to 45 CFR § 75.364(a), OIG has the right to timely and unrestricted access to all books, documents, papers, or other records that are pertinent to the Federal grant award.

OIG performs independent reviews of HHS programs and operations pursuant to the Inspector General Act of 1978, 5 U.S.C. App. § 4(a)(1). Medicaid providers of services, under the authority contained in section 1902(a)(27) of the Social Security Act, must provide such information as the Secretary of HHS or the appropriate State agency requests regarding payments claimed for services.

Under the health information privacy regulation that implements the Health Insurance Portability and Accountability Act of 1996, providing the information requested by this letter is a permitted disclosure because it (1) is “required by law” to be produced to OIG as part of your participation in a Government benefits program (45 CFR §§ 164.512(a) and 164.103) and (2) will be used for “health oversight” activities by OIG, which meets the definition of a “health oversight agency” (45 CFR §§ 164.512(d) and 164.501).

To expedite completion of our work, we request that you have the documents listed in the enclosure to this letter available for our entrance conference. During our review, we will also

need access to additional documents and records. We appreciate your cooperation in this matter and will make every effort to minimize any disruption to the work of your office.

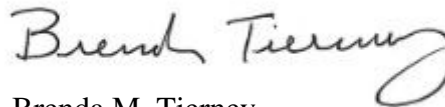
When transmitting any audit information to the Office of Audit Services over the Internet, please properly safeguard the information. We request that you use the HHS/OIG Delivery Server, not email or attachments to email. Information transmitted through the HHS/OIG Delivery Server complies with Federal Information Processing Standard (FIPS) 140-2, *Security Requirements for Cryptographic Modules*. At the entrance conference, we will discuss authorizing your staff to use the HHS/OIG Delivery Server and give you instructions in its use.

We are required to report as a security breach any audit information sent to us that does not meet FIPS 140-2 requirements.

This audit will be performed under my direction. As arranged by Talia D. Rosario, Senior Auditor, of my staff, we plan to hold an entrance conference on January 21, 2021 at 1:30 p.m. (AST). Please note that during the entrance conference we will also be discussing our newly initiated audit of Medicaid capitation payments to Medicaid managed care organizations on behalf of deceased Medicaid beneficiaries. The notification letter for that audit was provided under separate cover.

If you have any questions or concerns about our review, please contact Glenn H. Richter, Assistant Regional Inspector General, at Glenn.Richter@oig.hhs.gov. Please refer to report number A-02-21-01004 in all correspondence. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Brenda Tierney". The signature is written in black ink and is positioned above the typed name.

Brenda M. Tierney
Regional Inspector General
for Audit Services

Enclosure

INITIAL REQUEST FOR DOCUMENTATION
A-02-21-01004 & A-02-21-01005
Puerto Rico Department of Health
Audit Period: April 1, 2018 to September 30, 2020

Please provide the following information and documents:

- 1) Federal and State laws and regulations applicable to the enrollment, re-enrollment and administration of Medicaid eligibility determinations and associated payments and adjustments to Managed Care Organizations (MCOs) for related services.
- 2) Contracts between the Puerto Rico Health Insurance Administration (PRHIA) and MCOs with corresponding amendments active during the audit period.
- 3) Medicaid Enterprise (Puerto Rico Department of Health and PRHIA) written policies and procedures for:
 - a) The enrollment, re-enrollment and administration of Medicaid eligibility determinations and associated payments and adjustments to MCOs for related services. These policies and procedures must include the processes for assigning Medicaid ID numbers and preventing potential duplicate.
 - b) Preventing, identifying, and correcting payments after a beneficiary's death.
- 4) CMS-64 submitted to the Federal government for the audit period.
- 5) Organizational flowchart for executives and leaders of the Medicaid Enterprise divisions with titles and names. Please identify in the organization flowchart program area and/or positions responsible for:
 - a) Assigning Medicaid ID numbers and preventing potential duplicate.
 - b) Preventing, identifying, and correcting payments after a beneficiary's death.
- 6) Any audits or reviews within the past five years, from:
 - a) Puerto Rico Comptroller Office on the Puerto Rico Department of Health or the Medicaid Enterprise
 - b) A-133 reviews of the Puerto Rico Department of Health
 - c) CMS or other sources either Federal, internal, or from external consultants on the Medicaid Enterprise.

If you have any questions, regarding the information requested please do not hesitate to contact Talia D. Rosario at (202) 322-7616 and Angeles M. Narvaez at (202) 322-4203.