



## OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

### AUDIT REPORT: 2013-A-0004 HEALTH CARE DISTRICT ELIGIBILITY DETERMINATION

Sheryl G. Steckler  
Inspector General

*"Enhancing Public Trust in Government"*

#### SUMMARY RESULTS AT A GLANCE

Based on a complaint received through the Office of Inspector General's (OIG) hotline regarding the potential ineligibility of a Coordinated Care Program (CCP) member, we initiated an audit to review the Health Care District's (HCD) policy and procedures for approval of applications for participation in the CCP.

The OIG's audit of the HCD's CCP included determining the validity and accuracy of applicant documentation that is relied upon by the HCD to make an eligibility determination. Our review of policy and procedures, eligibility file documentation, testing, and interviews, resulted in the following findings:

- 1) The HCD Eligibility Department adheres to policy and procedure and performs due diligence in the verification process;
- 2) The HCD's Membership Auditor review process can be enhanced to further ensure eligibility of applicants;
- 3) The HCD may benefit from the use of Accurint<sup>1</sup>, or similar tool; and
- 4) The HCD may benefit from an on-going fraud awareness education program.

We made the following three recommendations to improve the eligibility process:

- 1) Develop guidelines for the member file audit process that include a sample size selection that is commensurate with the universe of members and focuses more on eligibility risk factors;
- 2) Perform an analysis to determine if it would be cost-effective to purchase licenses for Accurint, or similar tool, for use in confirming possible unreported assets, social security numbers and probable out of county residential addresses; and
- 3) Develop an on-going fraud awareness education program for the eligibility staff to help identify red flags for potential fraud where additional validation would be beneficial as a cost saving measure.

HCD agreed with our three recommendations and has taken or proposed corrective action that will adequately address each recommendation. We have summarized their response in the body of the report and attached it in its entirety.

<sup>1</sup> Accurint is a "comprehensive database of public records" collected by LexisNexis and is used to identify people and probable assets, addresses, relatives and business associates.

## BACKGROUND

The Health Care District of Palm Beach County (HCD) is an independent special taxing district operating under the authority of Chapter 2003-326, Laws of Florida and the Palm Beach County Charter. The HCD operates multiple lines of business within the healthcare industry. They function as a payer and provider of healthcare services for the residents of Palm Beach County. The intent of enabling legislation was to “provide a source of funding for indigent and medically needy residents of Palm Beach County....”

Since 1993, the HCD has administered the CCP for uninsured residents of Palm Beach County and “offers access to a variety of healthcare resources and promotes healthy living to children and adults.” The HCD program operates as a payer of last resort; therefore individuals who are eligible for any other public assistance health coverage programs do not qualify. The CCP is the HCD’s largest program with a Fiscal Year 2013 budget of over \$63.8 million.

As part of the eligibility criteria for the CCP, applicants must meet income, asset, identification, and residency requirements. The CCP primarily offers two options of medical service coverage, free of charge, for eligible Palm Beach County residents. As of August, 2012, there were 14,763 active members in Option 1 and 2 benefit levels<sup>2</sup>.

## FINDINGS AND RECOMMENDATIONS

### **Finding (1): The HCD Eligibility Department adheres to policy and procedure and performs due diligence in the verification process**

The HCD has established eligibility policy and procedures that are used by the Eligibility Analysts (Analysts) to process applications. Policy ELG-5000.02 titled “Summary of Criteria” provides an overview of the eligibility criteria for the CCP and documents the four criteria necessary to become a Coordinated Care member. The policy states that applicants are required to provide documentation to prove the following:

- Residency (including homeless) – ELG-5000.04
- Identification – ELG-5000.05
- Income – ELG-5000.07
- Assets – ELG -5000.10

Each of the above policies outlines acceptable forms of proof of residency and identification documentation as well as maximum limits of income and assets.

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<sup>2</sup> Option 1 provides full medical services with in-network physicians as well as pharmacy benefit and Option 2 provides Department of Health clinic medical services and pharmacy services.

Applicants for the CCP can apply either in person, at an eligibility office or a collaborating agency, or send an application with documentation through the mail. The Analysts review the documentation provided based on the above policies in order to determine eligibility. This includes, but is not limited to, contacting third parties in order to validate residency and income, verifying Medicaid eligibility, unemployment, etc. If all documentation is received and validated, the applicant is approved and becomes a "member." If documentation is missing or cannot be validated, follow up with the applicant is necessary. Upon satisfactory receipt and verification, the applicant is approved.

We generated a random sample of member files for review from all five eligibility offices. Additionally, one on-site visit was performed and interviews with two Analysts were conducted to gain an understanding of the daily work flow.

After interviews with the Analysts and a review of forty-two (42) member files, we determined that the Analysts are performing appropriate due diligence to ensure the applicant information is valid and accurate. The Analysts have access to vital databases such as Medicaid, Unemployment, and Immigration to verify information received from the applicant. Additionally, we observed evidence in the files to indicate the Analysts are contacting third parties by telephone to verify residency and income.

### **Finding (2): The HCD's Membership Auditor review process can be strengthened to further ensure eligibility of applicants**

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Two Membership Auditors from the Eligibility Department review the work of the Eligibility Specialists and Eligibility Analysts, in addition to their other duties. The purpose of the Membership Auditor reviews is to ensure that the Specialists and Analysts comply with policy and procedures. The Membership Auditors use a checklist based on the Eligibility policy to determine that files contain required documentation and are complete. The Membership Auditor scores the Analyst and this score is included in the Analysts annual performance review. We were informed by the HCD staff that the auditors review approximately 700 member files annually and the files are randomly selected by eligibility site location and Analyst. As of August 31, 2012, there were 14,763 members enrolled in the CCP Option 1 and 2; therefore approximately 5% of files are reviewed. The HCD staff stated that there are no written procedures for these eligibility reviews regarding the methodology of sample selection and acceptable percentage of files to be reviewed annually. Factors that may increase the risk for making an incorrect eligibility determination, such as members with out of county addresses and/or dependents are not identified when making sample selections. To add further value to the HCD, the Membership Audit review process could be strengthened by having written procedures to include a sampling methodology.

### **Recommendation:**

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1. Develop guidelines for the member file audit process. This should include a sampling methodology that provides for a sample size commensurate with the

universe of members and includes high risk members such as those with out of county addresses and dependents. Audit results should be documented in such a way to be useful as a teaching and training tool.

### **Summary of Management Response:**

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1. The HCD concurred and has formalized and enhanced its member file audit process pursuant to the recommendations provided in the report. A formal procedure has been developed and is provided in the complete management response attached. The sampling methodology includes the utilization of a report that includes all applicants during the specified period of the audit. HCD will use the results of the audit for training and educational opportunities and document the training through meeting minutes.

### **Finding (3): The HCD may benefit from the use of Accurint, or similar tool, to verify that initial eligibility was accurately determined**

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The Membership Auditor's review process does not include validating information contained in the member files; only verifying completeness of required documentation. Currently, there is no method in place to verify unreported assets or residency. As part of our audit, we used Accurint public record reports to validate residency, social security numbers and asset documentation contained in the membership file. After comparing the member file documentation to the Accurint report, we identified 5 of the 42 members whose eligibility appeared questionable. We provided the names of the 5 member files and the Accurint information to the Chief Program Officer for further evaluation. As a result, one member was terminated from the program. Based on our limited results, we believe there may be a benefit to using Accurint, or similar tool, for evaluating and validating applicant eligibility data. The CCP could save on average \$3,600 annually by terminating one ineligible applicant. The cost of one Accurint license, based on the existing State contract, is approximately \$1,000 annually.

### **Recommendation:**

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2. The HCD should perform an analysis to determine if it would be cost-effective to obtain Accurint, or similar tool. If a tool such as Accurint proves to be cost beneficial, the HCD should expand the Membership Auditor's responsibility to include the use of Accurint, or similar tool, as a means to confirm possible unreported assets, social security numbers and probable out of county residential addresses.

### **Summary of Management Response:**

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2. The HCD concurred with this finding. The HCD will perform an analysis of the Accurint reports used by the OIG for the cases involved in this audit to help determine the benefit of the information provided relative to the criteria used for

eligibility determination. This analysis will be completed and reported to the CEO no later than March 1, 2013.

#### **Finding (4): The HCD may benefit from an on-going fraud awareness education program**

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Public assistance programs come with an inherent risk of fraud, waste, or abuse. Interviews with the Eligibility Analysts revealed that identity theft/fraud training was offered during the program's early years but has not continued into recent history. There are many access points for residents to go into the CCP including Federally Qualified Health Centers, area hospitals, PBC Health Department and other county collaborating agencies (i.e. Homeless Coalition). An on-going employee fraud awareness education program could help mitigate the risk of ineligible applicants entering the program. This education program could establish red flags (i.e. residences located in high value neighborhoods, questionable transactions on bank statements, and out of state drivers' licenses) for early detection of potential fraud.

#### **Recommendation:**

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3. Develop an on-going fraud awareness education program for the eligibility staff. This would help staff to identify red flags for potential fraud and where additional validation would be beneficial as a cost saving measure. This education should also be extended to collaborating agencies, as they are an access point to the CCP.

#### **Summary of Management Response:**

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3. The HCD concurred with this finding. The HCD will develop an on-going fraud awareness education program that will enhance the existing compliance and fraud prevention training with an emphasis on the unique red flags that staff should be prepared to identify in the eligibility determination process. The new procedure is attached in the complete management response. The awareness program will also be extended to the bi-annual trainings with the collaborative agencies in the community.

## **OBJECTIVES, SCOPE AND METHODOLOGY**

The primary audit objectives were to:

1. Determine if the HCD has an effective program for review and approval of Coordinated Care eligibility information provided by the applicants.
2. Determine if the information provided by applicants is valid and accurate.

To accomplish our objectives, we 1) obtained a walkthrough of the Lantana eligibility office/clinic; 2) interviewed Lantana eligibility staff as well as the Chief Program Officer; 3) obtained the database of active members' demographic information; 4) requested a

sample of eligibility files for review; 5) reviewed the HCD's policy and procedures on eligibility requirements, 6) reviewed the files for completeness; and, 7) used Accurint public records reports to verify applicant information.

We initiated an audit based on a complaint the OIG received regarding the possible ineligibility of a Coordinated Care Program member. The scope of our audit covered active members in the Diamond<sup>3</sup> database as of August 31, 2012. We reviewed 42 member files; 11 members with an "out of county address", 30 members that were randomly selected using IDEA<sup>4</sup> software, and one member file associated with the hotline complaint. Since the HCD's internal auditor had performed a Membership Eligibility Process audit in August, 2012 (which tested applicant files for completeness), our audit included using Lexis Nexis public record reports (Accurint) to test the validity and accuracy of applicant documentation that the HCD relies upon to make eligibility determinations.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

#### IDENTIFIED COST AND AVOIDABLE COST<sup>5</sup>

**Identified Cost:     \$3,600.00**

**Avoidable Cost:     \$9,812.00**

#### ATTACHMENT

Attachment 1 – Complete Management Response

#### ACKNOWLEDGEMENT

The Inspector General's audit staff would like to extend our appreciation to the Health Care District's management for the cooperation and courtesies extended to us during the audit.

*This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to Dennis Schindel, Director of Audit, by email at [inspector@pbcgov.org](mailto:inspector@pbcgov.org) or by telephone at (561) 233-2350.*

<sup>3</sup> Diamond is the HCD's Coordinated Care eligibility and claim processing database.

<sup>4</sup> IDEA software is a data analysis application.

<sup>5</sup> Please see [www.pbcgov.com/OIG](http://www.pbcgov.com/OIG) for description.

## ATTACHMENT– HCD Management Response



Health Care District  
PALM BEACH COUNTY

DEDICATED TO THE HEALTH OF OUR COMMUNITY | [www.hcdpbc.org](http://www.hcdpbc.org)

February 14, 2013

Dennis Schindel  
Director of Audit  
Office of Inspector General, Palm Beach County  
P.O. Box 16568  
West Palm Beach, FL 33416

Dear Mr. Schindel,

On behalf of the Health Care District of Palm Beach County, here is our response to the Draft Audit Report, Eligibility Determination, dated January 28, 2013.

**Recommendation 1:**

Develop guidelines for the member file audit process. This should include a sampling methodology that provides for a sample size commensurate with the universe of members and targets high risk members such as those with out of county addresses and dependents. Audit results should be documented in such a way to be useful as a teaching and training tool.

**Response 1:**

We concur with this finding. The Health Care District has formalized and enhanced its member file audit process pursuant to the recommendations provided in the draft audit report for the eligibility determination process. A formal procedure has been developed and is provided as an attachment to this response. The sampling methodology includes the utilization of a report that includes all applicants during the specified period of the audit. The report provides the auditor with the information needed to select complex cases including applications where the mailing address is outside of Palm Beach County and where the applicant's income is between 130-150% of the Federal Poverty Level Guidelines (FPLG). The results of the audit will be used for training and educational opportunities at monthly departmental meetings. Trainings will be memorialized through meeting minutes. The methodology will allow for audits to align with the recommendations found in the draft audit report.

**Recommendation 2:**

The HCD should perform an analysis to determine if it would be cost-effective to obtain Accurant, or similar tool. If a tool such as Accurant proves to be cost beneficial, the HCD should expand the Membership Auditor's responsibility to include the use of Accurant, or similar tool, as a means to confirm possible unreported assets, social security numbers, and probably out of county residential addresses.

## ATTACHMENT 1 (Continued)

**Response 2:**

We concur with this finding. The Health Care District will perform an analysis of the Accurant reports used by the Office of Inspector General for the cases involved in this audit to help determine the benefit the information the reports provide relative to the criteria used for eligibility determination. The analysis will be completed and reported to the CEO no later than March 1, 2013.

**Recommendation 3:**

Develop an on-going fraud awareness education program for the eligibility staff. This would help staff to identify red flags for potential fraud and where additional validation would be beneficial as a cost saving measure. This education should also be extended to collaborating agencies, as they are an access point to the CCP.

**Response 3:**

We concur with this finding. The Health Care District will develop an on-going fraud awareness education program that will enhance the existing compliance and fraud prevention trainings with an emphasis on the unique red flags that staff should be prepared to identify in the eligibility determination process. While components of this are already in place, a new procedure has been developed to formalize the process. The new procedure is attached to this response. The awareness program will also be extended to the bi-annual trainings with the collaborative agencies in the community.

Sincerely,

A handwritten signature in blue ink that reads 'R. J. Wiewora, MD'.

Ronald J. Wiewora, MD, MPH, FACP, FACPM  
Chief Executive Officer



## ATTACHMENT 1 (Continued)

**ELG-6000.1 Audit Process****Scope: Eligibility Department Employees**Revised:  
Established: 2/5/2013  
Page 1 of 1***Purpose***

To establish an audit process for the Membership Auditors to follow when auditing Coordinated Care applications.

***Procedures***

1. The Membership Auditors shall generate a monthly report (Report Name: mb8080d) that identifies new members who have;
  - a. Been assigned to the either the Option 1 or Option 2 plan during a specific time.
  - b. The report will include fields that identify out of county mailing addresses as well as FPLG level.
  - c. The Membership Auditors will randomly select 15 cases for each Enrollment Analyst on a bi-annual basis (This will result in approximately 720 cases to be reviewed annually)
  - d. At least 5 of the cases will be selected for applicants with FPLG levels between 130-150% of the FPLG or with a mailing address outside of Palm Beach County
2. The Membership Auditors will review applications for compliance with the Eligibility Department policies and procedures. Emphasis will be placed on identifying training and educational opportunities for the individual analyst as well as a training tool to be shared with the entire department at monthly department meetings.
3. The Membership Auditor will also review applications with the dual focus of identifying and trends or red flags involving complex cases with out of county mailing addresses and income levels between 130-150% of the FPLG.
4. The results of the audits will be forwarded monthly to the Director of Eligibility for receipt and evaluation. Trends, findings, and training opportunities will be incorporated into monthly staff meetings. Meeting minutes will be maintained documenting the trainings. Meeting sign-in sheets will be kept documenting staff attendance at the meetings. Staff who are absent from the departmental meetings will be provided with the training from the Eligibility Coordinator at their location.

Department Head: \_\_\_\_\_  
Ronni Lapidis

Date: \_\_\_\_\_

## ATTACHMENT 1 (Continued)

**ELG-6000.2 Fraud Awareness Education Program****Scope: Eligibility Department Employees**Revised:  
Established: 2/5/2013  
Page 1 of 1***Purpose***

To establish a fraud awareness education program for the Eligibility Department and collaborative agencies.

***Procedures***

1. All Eligibility Department staff will receive compliance training and education upon hire. Annual compliance updates will be provided per the discretion of the District's Chief Compliance Officer. These trainings will be provided by the Chief Compliance Officer or appropriate designee.
2. All Eligibility Department staff will be required to annually complete the online fraud, waste and abuse prevention training. Results and completion of the training will be included in the employee's annual performance evaluation.
3. Results or lessons learned from the ongoing Membership Auditor process will be presented for training and educational purposes on an ongoing basis to help staff identify red flags for potential fraud.
4. Fraud awareness education will take place at monthly departmental meetings. Meeting minutes will be maintained to document the trainings. A sign-in sheet will be utilized at each meeting to verify staff attendance at the trainings. Staff who are absent from a meeting will receive the trainings directly from their site's Eligibility Coordinator.
5. Items, scenarios, and trends included in the fraud awareness education staff trainings will be incorporated into the bi-annual trainings provided to the collaborative agencies in the community.

Department Head: \_\_\_\_\_  
Ronni Lapidés

Date: \_\_\_\_\_