LOS ANGELES COUNTY
AUDITOR-CONTROLLER

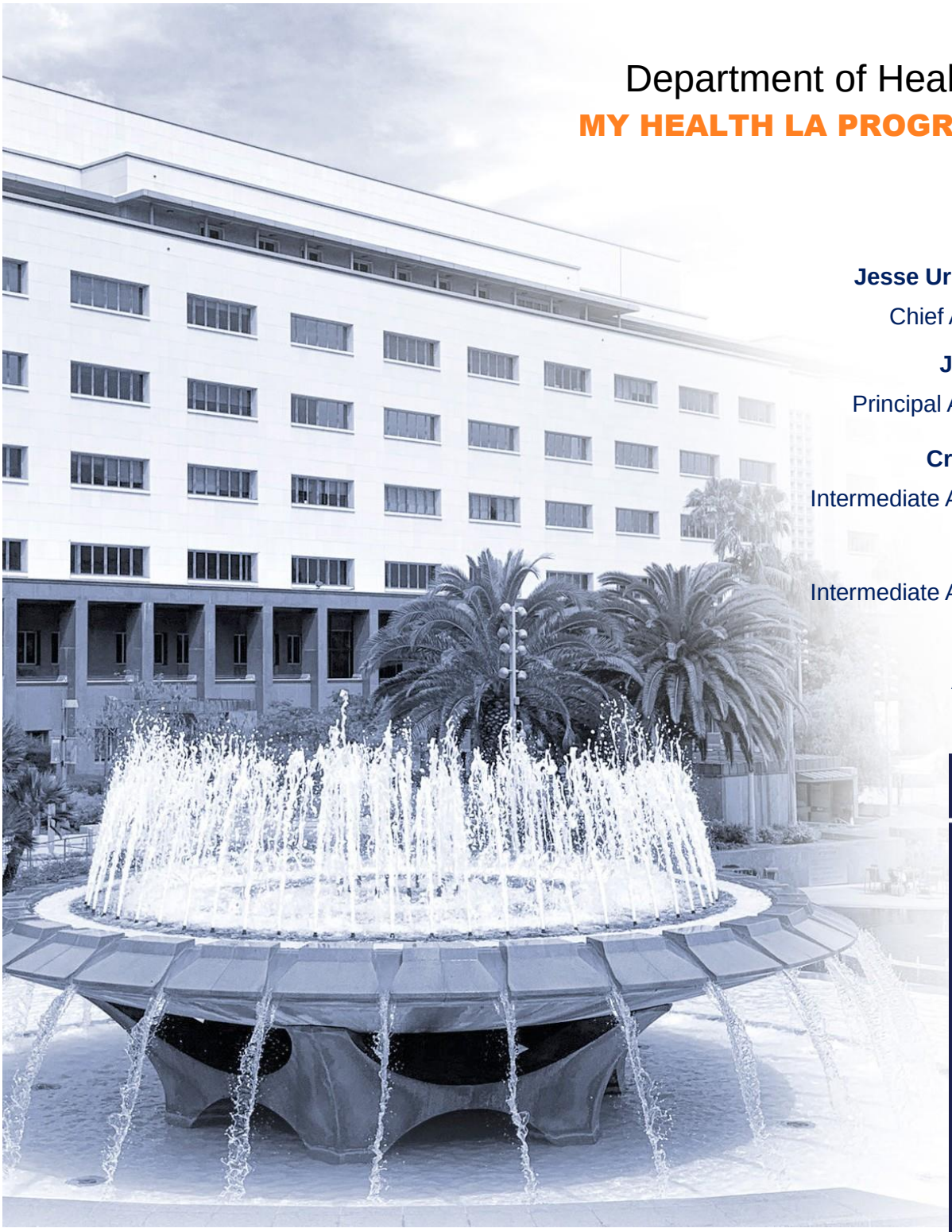
Arlene Barrera
AUDITOR-CONTROLLER

Peter Hughes
ASSISTANT AUDITOR-CONTROLLER

Mike Pirolo
DIVISION CHIEF

AUDIT DIVISION

December 20, 2019



Department of Health Services
MY HEALTH LA PROGRAM REVIEW

Audit Team

Jesse Urbano, CIA, CRMA
Chief Accountant-Auditor

Jeremy Drake, CIA
Principal Accountant-Auditor

Cressa Paz Armado
Intermediate Accountant-Auditor

Diana Alonso
Intermediate Accountant-Auditor

Farhaanah Bholat
Accountant-Auditor

NUMBER OF RECOMMENDATIONS

PRIORITY 1
0
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS

PRIORITY 2
1
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS

PRIORITY 3
3
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS

REPORT #K19ER

LOS ANGELES COUNTY
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December 20, 2019

FACT SHEET

Department of Health Services

MY HEALTH LA PROGRAM REVIEW

With the support and active participation of the Department of Health Services (DHS or Department), we completed a review of the My Health LA Program (MHLA or Program), which is a no-cost health care program that began in 2014 for Los Angeles County residents who are low income, uninsured, and do not qualify for other healthcare programs (e.g., Medi-Cal, other DHS Programs). Eligible residents enroll into MHLA at one of the Community Partner (CP) clinics, which are private clinics that contract with DHS to provide health care services (e.g., primary care, dental). DHS provides CPs with funding each month based on the number of enrolled participants, and monitors enrollment eligibility and health care services provided to ensure CPs' compliance with all Program requirements.

Key Outcomes

DHS met five of their six MHLA Key Performance Indicators (KPIs) for Fiscal Year (FY) 2017-18 and develops new KPIs as needed to measure performance. For example, DHS targets to re-enroll at least 60% of participants each year and achieved a 72% re-enrollment rate and added a KPI for FY 2018-19 that CPs have less than five repeat audit findings during their clinic audits. In addition, DHS has established effective internal controls covering areas such as enrolling new participants, funding CPs, and auditing health care services. However, we noted opportunities to improve and strengthen other MHLA processes and controls, which management has agreed to strengthen. We will assess and report on management's corrective actions in our planned future follow-up review. Examples of corrective actions include:

- DHS will establish a process to periodically review MHLA's KPI threshold levels. For example, MHLA targets to maintain 146,000 enrolled participants, but does not periodically review the continued appropriateness of this threshold in changing business environments (i.e., health laws, demographics).
- DHS will ensure approvals of enrollment denial and disenrollment are documented.
- DHS will establish a process to track the enrollment and eligibility training status for all CP employees involved in MHLA enrollment.

Impact

These enhancements will provide greater assurance that KPI thresholds continue to be the most effective measure of performance, enrollment denials and disenrollments are processed accurately and completely, and all relevant CP employees are fully trained in enrollment.

FAST FACTS

DHS provides funding to over 50 CPs who provide healthcare services as part of the MHLA Program at over 200 clinic locations to approximately 142,000 enrolled participants.

DHS spent approximately $61.6 million in CP funding in FY 2018-19 and has an MHLA budget of $64.8 million for FY 2019-20.

NUMBER OF RECOMMENDATIONS

PRIORITY 1
0
CORRECTIVE ACTION REQUIRED WITHIN 90 DAYS

PRIORITY 2
1
CORRECTIVE ACTION REQUIRED WITHIN 120 DAYS

PRIORITY 3
3
CORRECTIVE ACTION REQUIRED WITHIN 180 DAYS

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Contract Monitoring
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Services

This report is also available online at auditor.lacounty.gov
Report Waste, Fraud, and Abuse: fraud.lacounty.gov

For questions regarding the contents of this report, please contact Mike Pirolo, Audit Division Chief, at mpirolo@auditor.lacounty.gov or (213) 253-0100.

REPORT #K19ER

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

December 20, 2019

TO: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

FROM: Arlene Barrera
Auditor-Controller

SUBJECT: **DEPARTMENT OF HEALTH SERVICES - MY HEALTH LA PROGRAM REVIEW**

The Auditor-Controller's Audit Division has completed a review of the Department of Health Services' My Health LA Program. The complete audit report is attached.

If you have any questions please call me, or your staff may contact Mike Pirolo at (213) 253-0100.

AB:PH:MP

Attachment (Report #K19ER)

c: Sachi A. Hamai, Chief Executive Officer
Christina R. Ghaly, M.D., Director, Department of Health Services
Arun Patel, M.D., Director, Patient Safety and Clinical Risk Management
Nina J. Park, M.D., Director, Population Health Management
Amy Luftig Viste, Program Director, My Health LA
Audit Committee
Countywide Communications

COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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ARLENE BARRERA
AUDITOR-CONTROLLER

ADDRESS ALL CORRESPONDENCE TO:
AUDIT DIVISION
350 S. FIGUEROA ST., 8th FLOOR
LOS ANGELES, CA 90071-1304

December 20, 2019

TO: Christina R. Ghaly, M.D., Director
Department of Health Services

FROM: Dr. Peter Hughes
Assistant Auditor-Controller

Mike Pirolo, Division Chief
Audit Division

SUBJECT: **DEPARTMENT OF HEALTH SERVICES - MY HEALTH LA PROGRAM REVIEW**

We have completed a review of the Department of Health Services' (DHS or Department) My Health LA Program. For details of our review, please see Attachment I, Table of Findings and Recommendations for Corrective Action, and Attachment II, Background and Audit Scope.

Review of Report

We discussed our report with DHS management. The Department's response (Attachment III) indicates general agreement with our findings and recommendations.

We thank DHS management and staff for their cooperation and assistance during our review. If you have any questions, please call Mike Pirolo at (213) 253-0100.

PH:MP:JU:jd

Attachments

c: Arlene Barrera, Auditor-Controller

DEPARTMENT OF HEALTH SERVICES - MY HEALTH LA PROGRAM REVIEW

The Department of Health Services' (DHS or Department) My Health LA Program (MHLA or Program) is a no-cost health care program that began in 2014 for Los Angeles County residents who are low income, uninsured, and do not qualify for other healthcare programs (e.g., Medi-Cal, other DHS Programs). Eligible residents enroll into MHLA at one of the Community Partner (CP) clinics, which are private clinics that contract with DHS to provide health care services (e.g., primary care, dental). The Department provides CPs with funding each month based on the number of enrolled participants and monitors enrollment eligibility and health care services provided to ensure CPs are in compliance with all Program requirements.

We noted that DHS has the following processes and controls in place that help ensure MHLA is accomplishing its goals and objectives:

- **Key Performance Indicators (KPIs)** - The Department uses KPIs to measure performance of MHLA and reports these annually to the Board of Supervisors and other stakeholders. The Department met five of their six KPIs for Fiscal Year 2017-18 and develops new KPIs as needed to measure performance. For example, DHS targets to re-enroll at least 60% of participants each year and achieved a 72% re-enrollment rate and added a KPI for FY 2018-19 that CPs have less than five repeat audit findings during their clinic audits. In addition, DHS has controls in place to obtain accurate KPI data.

- **Funding of CPs** - The Program provides funding to CPs monthly based on the number of enrolled participants. The Department has appropriate internal controls in place to ensure accurate monthly payments and has a process to make payment adjustments, if necessary. As of July 2019, MHLA added a new requirement that CPs will receive funding for only those enrolled participants who have received at least one health care visit, within the previous 24 months, to help encourage providers to see and provide health care to their participants.

- **Audits of CPs** - The Department audits CPs to ensure they are performing all health care services as contractually required. The Department tracks compliance results from these audits and monitors CPs for improvement.

However, we noted opportunities to improve and strengthen other MHLA processes and controls, which management has agreed to strengthen. Details of these areas are discussed below.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION

	ISSUE[1]	RISK	RECOMMENDATION	P[2]	SUMMARY OF RESPONSE
1	**KPI Threshold Review:** As mentioned above, DHS management uses KPIs to measure performance of MHLA and reports these annually to the Board of Supervisors and other stakeholders. For example, MHLA targets to maintain 146,000 enrolled participants and have	The effectiveness of the KPIs as a measure for evaluating performance of the Program decreases when the thresholds are not reviewed periodically.	**DHS management establish a process to periodically review the MHLA KPI threshold target levels and document the review.**	2	**Agree** Target Implementation Date: January 1, 2020 DHS management will annually review all MHLA KPI threshold target levels and

[1] For background information about the processes reviewed, please refer to the Process Overview section in Attachment II.

[2] **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment IV for definitions of priority rankings.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION					
	ISSUE[1]	RISK	RECOMMENDATION	P[2]	SUMMARY OF RESPONSE
	an annual re-enrollment rate of at least 60%. In addition, DHS continues to develop new KPIs to measure program performance, as needed. However, DHS management does not review the KPI threshold target level (i.e., 146,000 enrolled participants) to determine if the threshold is still the best measure of performance in the current business environment (e.g., changes in health laws, demographics).				will consider demographic trends, enrollment and renewal data, and legislative/policy changes at the county and State level.
2	**Denial and Disenrollment Review:** Initial enrollment of potential MHLA participants is performed by Community Partner (CP) clinic employees at their clinics. On a quarterly basis, DHS staff sample newly enrolled participants to ensure compliance with eligibility rules. Participants found to be ineligible by DHS are denied enrollment. In addition, DHS staff perform other reviews to ensure participants remain eligible (i.e., ensure participants do not become insured after enrollment). Participants no longer eligible are disenrolled from MHLA. The Department's denial and disenrollment processes require two levels of approval. However, these approvals are not documented with the names of the approvers and dates approved.	Of the approximately 142,000 participants in MHLA, some may be ineligible due to errors in the enrollment or review process.	**DHS management ensure that both approvals of denials and disenrollment's of MHLA participants are completed and appropriately documented, including the name of the approver and the date approved.**	3	**Agree** Implementation Date: June 2019 DHS management indicated there are now three levels of approval for denials and disenrollment's and all three approvals are recorded on the Eligibility Review Unit's Audit Log. Note that Auditor-Controller will review all recommendations that DHS indicated are implemented as of this report issuance as part of our planned future follow-up review.

[1] For background information about the processes reviewed, please refer to the Process Overview section in Attachment II.

[2] **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment IV for definitions of priority rankings.

TABLE OF FINDINGS AND RECOMMENDATIONS FOR CORRECTIVE ACTION					
	ISSUE[1]	RISK	RECOMMENDATION	P[2]	SUMMARY OF RESPONSE
3	**Eligibility Training Tracking:** DHS staff provide training to CP clinic employees who are responsible for MHLA enrollment. The training covers eligibility criteria and the One-e-App (OEA) System used for enrollment. While DHS tracks which CP clinic employees have taken the training, they do not have a process to ensure all relevant CP staff involved in enrollments have taken training.	Of the approximately 142,000 participants in MHLA, some may be ineligible due to errors in the enrollment or review process attributed to a lack of employee training.	**DHS management establish a process to track the training completion status of all CP clinic employees who are involved in MHLA enrollment.**	3	**Agree** Implementation Date: June 2019 DHS Eligibility Review Unit staff follows up with CP enrollment staff to ensure that they take the eligibility training. If CP enrollment staff do not take the training within 12 months, their OEA access may be revoked or suspended.
4	**OEA System User Access Review:** As mentioned above, the OEA System is used to enroll participants into the Program. Access to the OEA System includes capabilities to register participants, deny enrollment, disenroll participants, etc. The Department is responsible for managing user access rights to the OEA System. Currently, DHS annually removes inactive users. However, they do not conduct a quarterly review of all user access to ensure access capabilities remain consistent with users' job duties, as required by County Fiscal Manual Section 8.7.4.2.	DHS has approximately 3,600 users with OEA access. The OEA System allows for 14 different types of user roles with access to over 100 total menu options. The Department and CP employees may have inappropriate access to the OEA System when their job duty changes or they no longer work with the Program, which could lead to exposure of sensitive information, inappropriate changes to participant information, etc.	**DHS management establish a process to periodically review, at least quarterly, OEA System user access rights to ensure access capabilities remain consistent with users' job duties.**	3	**Agree** Implementation Date: July 2019 DHS reviews the list of OEA users quarterly to ensure that the access capabilities remain consistent with users' job duties.

[1] For background information about the processes reviewed, please refer to the Process Overview section in Attachment II.

[2] **Priority Ranking:** Recommendations are ranked from Priority 1 to Priority 3 based on the potential seriousness and likelihood of negative impact on departmental operations if corrective action is not taken. See Attachment IV for definitions of priority rankings.

DEPARTMENT OF HEALTH SERVICES - MY HEALTH LA PROGRAM REVIEW BACKGROUND AND AUDIT SCOPE

WHAT PROMPTED THE REVIEW

This is a planned review included in our Fiscal Year 2018-19 Audit Plan.

SCOPE AND OBJECTIVES

We evaluated the Department of Health Services' (DHS or Department) My Health LA program (MHLA or Program) to determine whether they have processes and controls that provide reasonable assurance to management that MHLA is accomplishing its goals and objectives that support the mission of providing no-cost health care services to low-income, uninsured residents of Los Angeles County.

STANDARDS

We conducted our review in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

PROCESS OVERVIEW

The Program is a no-cost health care program that began in 2014 for Los Angeles County residents who are low-income, uninsured and do not qualify for other health insurance programs (e.g., Medi-Cal, other DHS Programs). Eligible residents enroll into MHLA at one of the Community Partner (CP) clinics, which are private clinics that contract with DHS to provide health care services (e.g., primary care, dental). The CP staff assist the individuals in submitting the required documents and ensure that they meet the enrollment criteria. Upon CP enrollment and eligibility verifications, patients can begin receiving services. The Department provides monthly funding to CPs based on the number of enrolled participants. The Department's staff also monitor enrollment eligibility and health care services provided to ensure CPs are complying with all Program requirements.

RISKS & OPPORTUNITIES

A comprehensive internal control system is necessary to mitigate risks associated with a health care program. The risks include ineligible individuals receiving coverage, inaccurate funding to CPs, insufficient health care provided to enrollees as outlined by MHLA, and inappropriate access to critical information systems

SCOPE EXCLUSIONS

Our review was limited to an evaluation of the design of the internal controls over MHLA. We did not review specific patient data or health care services provided to determine compliance with the internal controls. As noted further below, ensuring controls are operating as intended is the Department management's responsibility.

DEPARTMENT OF HEALTH SERVICES - MY HEALTH LA PROGRAM REVIEW BACKGROUND AND AUDIT SCOPE

FOLLOW-UP PROCESS

The Auditor-Controller (A-C) has a follow-up process designed to provide assurance to the Board of Supervisors (Board) that departments are taking appropriate and timely corrective action to address audit recommendations. Within six months of the date of an audit report, departments must submit a Corrective Action Implementation Report (CAiR) detailing the corrective action taken to address all recommendations in the report. Departments must also submit documentation with the CAiR that demonstrates the corrective action taken. We will review departments' reported corrective action and supporting documentation, and report the results to the Board. For any recommendations not fully implemented, departments must report the status of corrective action within six months after our first follow-up report is issued.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL CONTROLS

As indicated in County Fiscal Manual Section 1.0, management of each County department is primarily responsible for designing, implementing, and maintaining a system of internal controls that provides reasonable assurance that important departmental and County objectives are being achieved. Internal controls should sustain and improve departmental performance, adapt to changing priorities and operating environments, reduce risks to acceptable levels, and support sound decision-making.

Management must monitor internal controls on an ongoing basis to ensure that any weaknesses or non-compliance are promptly identified and corrected. The A-C's role is to assist management by performing periodic assessments of the effectiveness of the department's internal control systems. These assessments complement, but do not in any way replace, management's responsibilities over internal controls.

LIMITATIONS OF INTERNAL CONTROLS

Any system of internal controls, however well designed, has limitations. As a result, internal controls provide reasonable but not absolute assurance that an organization's goals and objectives will be achieved. Some examples of limitations include errors, circumvention of controls by collusion, management override of controls, and poor judgment. In addition, there is a risk that internal controls may become inadequate due to changes in the organization, such as reduction in staffing or lapses in compliance.

Health Services
LOS ANGELES COUNTY

December 3, 2019

TO: Arlene Barrera
Auditor-Controller

FROM: Christina R. Ghaly, M.D.
Director

SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER'S DEPARTMENT OF HEALTH SERVICES – MY HEALTH LA PROGRAM REVIEW**

Attached is the Department of Health Services' response to the recommendations made in the Auditor-Controller's report of its review of My Health LA.

We concur and have implemented the corrective actions to address the recommendations contained in the report.

If you have any questions or require additional information, please contact Bennie Rose at (213) 288-8438.

CRG:lr

Attachment

c: Arun Patel, M.D.
Anna Gorman
Amy Luftig Viste
Mayra Palacios
Loretta Range
Bennie Rose

313 N. Figueroa Street, Suite 106
Los Angeles, CA 90012

Tel: (213) 288-7901

www.dhs.lacounty.gov

To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

DEPARTMENT OF HEALTH SERVICES - MY HEALTH LA PROGRAM REVIEW
DEPARTMENT ACTION PLAN/RESPONSE

ISSUE 1: KPI THRESHOLD REVIEW	
A/C Recommendation	DHS management establish a process to periodically review the MHLA KPI threshold target levels and document the review.
Priority	**PRIORITY 2**
Agree/Disagree	**Agree**
Department Action Plan[1]	By January 1, 2020, MHLA management will annually review all MHLA KPI threshold target levels, including for enrollment and renewals. The review will be conducted at the beginning of each calendar year and will consider the following information: demographic trends, enrollment and renewal data, and legislative/policy changes at the county and state level.
Planned Implementation Date	January 1, 2020
Additional Information (optional)[2]	

ISSUE 2: DENIAL AND DISENROLLMENT REVIEW	
A/C Recommendation	MHLA management ensure that both approvals of denials and disenrollments of MHLA participants are completed and appropriately documented, including the name of the approver and the date approved.
Priority	**PRIORITY 3**
Agree/Disagree	**Agree**
Department Action Plan[1]	As of June 2019, there are three levels of approval after the auditor disenrolls or denies an application, and all three levels of review are recorded on the Eligibility Review Unit (ERU) Audit Log. The first level of review is conducted and documented by the auditor's direct supervisor. The second level of review is conducted and documented by the Subject Matter Expert (SME) and ERU training supervisor. The final and third review is conducted by the ERU unit supervisor. All three levels of review are documented on the denial and disenrollment log. MHLA senior management reviews the denial and disenrollment log weekly.
Planned Implementation Date	Implemented in June 2019.
Additional Information (optional)[2]	

[1] In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.
[2] In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 3: ELIGIBILITY TRAINING TRACKING	
A/C Recommendation	DHS management establish a process to track the training completion status of all CP clinic employees who are involved in MHLA enrollment.
Priority	**PRIORITY 3**
Agree/Disagree	**Agree**
Department Action Plan[1]	This has already been implemented. MHLA management requires CP (community partner) clinic staff to attend a comprehensive eligibility training and to pass a quiz to demonstrate their knowledge. The CP staff who passes the quiz receives a certificate, which serves as proof of training completion. If CP enrollment staff do not attend training, the MHLA Eligibility Review Unit (ERU) follows up with the CP staff. If they do not attend within 12 months, their One-e-App account may be revoked or suspended. MHLA ERU monitors the user account log to ensure all new users are captured. In addition, under existing program rules, prior to receiving access to the One-e-App (OEA) enrollment system, CP staff must also submit proof to MHLA management that they have either become certified as enrollment counselors or that they have completed a "We've Got You Covered" training.
Planned Implementation Date	Implemented in June 2019 and ongoing.
Additional Information (optional)[2]	

ISSUE 4: OEA SYSTEM USER ACCESS REVIEW	
A/C Recommendation	DHS management establish a process to periodically review, at least quarterly, OEA System user access rights to ensure access capabilities remain consistent with users' job duties.
Priority	**PRIORITY 3**
Agree/Disagree	**Agree**
Department Action Plan[1]	This has already been implemented. MHLA management reviews the list of One-e-App (OEA) users quarterly to ensure that the access capabilities remain consistent with users' job duties. If there are discrepancies, the MHLA Eligibility Review Unit (ERU) management adjusts CP access accordingly.
Planned Implementation Date	Implemented in July 2019 and ongoing.
Additional Information (optional)[2]	

[1] In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.
[2] In this section the Department can provide any background or clarifying information they believe is necessary.

PRIORITY RANKING DEFINITIONS

Auditors use professional judgment to assign rankings to recommendations using the criteria and definitions listed below. The purpose of the rankings is to highlight the relative importance of some recommendations over others based on the likelihood of adverse impacts if corrective action is not taken and the seriousness of the adverse impact. Adverse impacts are situations that have or could potentially undermine or hinder the following:

a) The quality of services departments provide to the community,
b) The accuracy and completeness of County books, records, or reports,
c) The safeguarding of County assets,
d) The County's compliance with pertinent rules, regulations, or laws,
e) The achievement of critical programmatic objectives or program outcomes, and/or
f) The cost-effective and efficient use of resources.

Priority 1 Issues

Priority 1 issues are control weaknesses or compliance lapses that are significant enough to warrant immediate corrective action. Priority 1 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category may be situations that create actual or potential hindrances to the department's ability to provide quality services to the community, and/or present significant financial, reputational, business, compliance, or safety exposures. Priority 1 recommendations require management's immediate attention and corrective action within 90 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

Priority 2 Issues

Priority 2 issues are control weaknesses or compliance lapses that are of a serious nature and warrant prompt corrective action. Priority 2 recommendations may result from weaknesses in the design or absence of an essential procedure or control, or when personnel fail to adhere to the procedure or control. These may be reoccurring or one-time lapses. Issues in this category, if not corrected, typically present increasing exposure to financial losses and missed business objectives. Priority 2 recommendations require management's prompt attention and corrective action within 120 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.

Priority 3 Issues

Priority 3 issues are the more common and routine control weaknesses or compliance lapses that warrant timely corrective action. Priority 3 recommendations may result from weaknesses in the design or absence of a procedure or control, or when personnel fail to adhere to the procedure or control. The issues, while less serious than a higher-level category, are nevertheless important to the integrity of the department's operations and must be corrected or more serious exposures could result. Departments must implement Priority 3 recommendations within 180 days of report issuance, or less if so directed by the Auditor-Controller or the Audit Committee.