



Memorandum



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To: Marcos José Lapciuc, Chairman
and Members, Public Health Trust Financial Recovery Board
Carlos A. Migoya, President and CEO, Jackson Health System

From:  Christopher Mazzella, Inspector General

Date: October 27, 2011

Subject: Jackson Health System's 90-Day Status Report on Its Implementation of the Recommendations Contained in the OIG's Final Report re: *Audit of the Management Services Agreement Between the Public Health Trust of Miami-Dade County and the Foundation Health Services, Inc.*, and Audit Closeout, Ref. IG09-98.2

The Office of the Inspector General (OIG) has reviewed the Jackson Health System's (JHS) 90-day status report (see attached), dated October 14, 2011, which was provided to us in response to the subject audit. We are pleased that JHS has embraced and now fully implemented the OIG's recommendations since its initial response to the draft audit report. Specifically, we are satisfied that corporate credit cards will no longer be provided to employees by Jackson Memorial International (JMI). Instead, travel expenses will be paid on a reimbursement basis, and entertainment expenses will not include the purchase of alcohol. Further, we note with interest the changes that JHS has made to how it classifies and tracks international patients. These changes should enable JHS to develop performance metrics on international patient activity and its impact on JHS' financial condition. Moreover, these more well-defined classifications should allow JHS to prepare periodic cost/benefit analyses of its international marketing efforts.

Accordingly, we consider this audit closed and resolved with no exceptions.

Attachment

cc: Hon. Carlos A. Gimenez, Mayor, Miami-Dade County
Hon. Joe A. Martinez, Chairman, Board of County Commissioners
and Members, Board of County Commissioners
Alina Hudak, Deputy Mayor/County Manager
Cathy Jackson, Director, Audit and Management Services Department
Charles Anderson, Commission Auditor
Stephen J. Weimer, Corporate Director – Internal Audit, JHS
Carlos Lopez-Cantera, Chairman, Board of Directors, Jackson Memorial Foundation

October 14, 2011

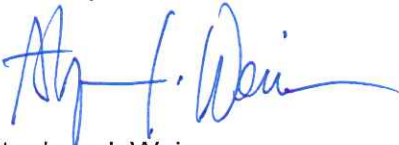
Christopher R. Mazzella
Inspector General
Office of the Inspector General
19 W. Flagler Street
Suite 220
Miami, FL 33130

RE: OIG Report, IG09-82.2

Dear Chris:

As requested, attached is Jackson Health System management's ninety day status update to the recommendations/responses noted in the above OIG report. If you have any questions, please feel free to contact me at 305-585-2952.

Sincerely,



Stephen J. Weimer
Corporate Director – Internal Audit

cc: Carlos Migoya
Don Steigman
Donn Szaro
Mark Knight
Gino Santorio

OIG RECOMMENDATIONS	PHT RESPONSE	90 DAY STATUS UPDATE
<p>1) All credit cards issued by the new organization to employees for use in paying for business & travel expenses should be issued under established procedures that:</p> <ul style="list-style-type: none"> a. Define allowable uses and that such uses conform to government standards & good public policy relative to the expenditure of public funds; b. Require employees to submit documentation supporting all expenditures that is complete to explain unambiguously the purpose of the expenditure, a list of all items or services purchased and all third-party beneficiaries, and; c. Provide for timely and effective supervisory reviews of all credit card expenditures for operational necessity, expenditure propriety, and documentary support. 	<p>This recommendation is consistent with established JHS practices and procedures.</p>	<p>Corporate credit cards are no longer issued by JMI. Employees use their personal credit cards and apply for reimbursement in accordance with JHS policies and procedures.</p>
<p>2) All employees issued cards, their supervisors, and anyone else charged with oversight or review of credit usage and expenditures should be trained on the new procedures to clarify usage and documentation standards, enforcement protocols, and best practices to follow, as well as cautioned about worst practices that should be avoided.</p>	<p>This recommendation is consistent with established JHS practices and procedures.</p>	<p>Corporate credit cards are no longer issued by JMI. Employees use their personal credit cards and apply for reimbursement in accordance with JHS policies and procedures.</p>
<p>3) All travel should conform to government standards requiring the use of lodging and meal per diems, airfare restrictions, etc.</p>	<p>This recommendation is consistent with established JHS practices and procedures.</p>	<p>JMI is now using the U.S. State Department's per diem rates for the countries visited. http://aoprals.state.gov/web920/per_diem.asp</p>

REPORT #3 – Jul 14, 2011 (OIG FINAL AUDIT REPORT RE: *Audit of the Management and Services Agreement Between the Public Health Trust of Miami-Dade County and Foundation Health Services, Inc., Ref. IG09-82.2*)

OIG RECOMMENDATIONS	PHT RESPONSE	90 DAY STATUS UPDATE
<p>4) Client entertainment expenditures must adhere to specific criteria for allowability and must be documented accordingly, including supervisory approval of larger dollar expenditures, in writing, prepared prior to or contemporaneous with the approval of the expenditure.</p>	<p>Jackson is currently revising its T&E policy; target date for completion and distribution is 6/30/11. This recommendation is consistent with established JHS practices and procedures.</p>	<p>The updated JHS T&E policy has been delayed due to other significant issues facing the organization. New date of completion is estimated to be 12/31/2011, at which time the policy will be mirrored and adopted for JMI. In the meantime, any client entertainment is being paid on a reimbursement basis, and does not include alcohol.</p>
<p>5) Travel expenditures (airfare, lodging, and meals) paid for by the new organization on behalf of non-employees should be avoided but, if deemed necessary, they should be carefully controlled subject to prior written supervisory approval and to the organization's standards for employee travel.</p>	<p>This recommendation is consistent with established JHS practices and procedures.</p>	<p>Travel for non-employees (primarily physicians doing presentations at conferences) is handled in the exact same manner as pre-approvals by JHS administration & post-trip documentation. Travel conforms to the U.S. State Department's per diem rates.</p>
<p>6) Travel expenditures incurred by JHS employees on behalf of the new organization, its consultants, or new organization's consultants, should be approved by, arranged through, and paid by JHS.</p>	<p>This recommendation is consistent with established JHS practices & procedures.</p>	<p>All travel by JHS employees must be approved by JHS management. Payment is handled in the same way as other travel expenses, within policies of JHS / JMI.</p>
<p>7) For each trip, employees must submit for supervisor approval a travel request showing estimated expenditures using per diem rates for lodging and meals and, if deemed necessary, an entertainment budget. At the trip's conclusion, the employee must prepare and promptly submit for supervisory approval a complete, accurate expense report of all business travel expenses showing all company-issued credit card charges and uses of personal funds.</p>	<p>This recommendation is consistent with established JHS practices & procedures.</p>	<p>This is the exact process that is currently being followed and compliance is monitored through JMI/JHS management's review and approval process.</p>

OIG RECOMMENDATIONS	PHT RESPONSE	90 DAY STATUS UPDATE
<p>8) Properly annotated itemized receipts or other proofs of expenditure should accompany employee expense reports; the expense reports should be signed and dated by the employee; the employee’s signature should be considered to be his/her self-certification as to the completeness, accuracy, and propriety of the listed expenditures; and all expense reports should be subject to timely and effective supervisory review.</p>	<p>This recommendation is consistent with established JHS practices & procedures.</p>	<p>This is the exact process that is currently being followed and compliance is monitored through JMI/JHS management’s review and approval process.</p>
<p>9) The new organization should maintain IOS or a similar system as the primary data source for all patients entering JHS with its input and assistance, as the patients are most likely entering JHS because of the organization’s marketing activities. IOS data should not be commingled with JHS data to report the results of the organization’s marketing efforts.</p>	<p>This recommendation is consistent with established JHS practices & procedures.</p>	<p>JHS management has maintained IOS as the primary data source for JMI. IOS is a stand-alone system and does not commingle with any JHS system.</p>
<p>10) All original data entry and data revisions to JHS patient files should be made by JHS personnel.</p>	<p>We agree. A review of JHS system access will be conducted to ensure that appropriate role-based access is configured for employees. Based on established JHS practices and procedures, and in keeping with appropriate segregation of duties, only appropriate JHS personnel will have system permissions to make changes to financial codes.</p>	<p>All original data entry and data revisions to JHS patient files are made by JHS personnel, with the exception of direct admits, which are processed by Hospitality Coordinators, a protocol approved by JHS management. Access has been reviewed and adjusted as needed to ensure only appropriate personnel have access to JHS patient files for data revisions.</p>
<p>11) JHS personnel should be trained to identify the new organization’s international patients and should be instructed to add the Z-92 coding so that they may be accurately and completely recorded.</p>	<p>We agree. We will review current patient identification codes and determine the appropriate means to differentiate between the various classes of international patients and whether they are associated with FHS efforts. Training will occur as appropriate.</p>	<p>The coding system has been revised. Cerner has been modified by adding a “special emphasis” code with drop down menu that includes “JMH Intl”, as a function of registration. All applicable JHS personnel have been trained to add this identifier to ensure that the account is accurately completed and recorded.</p>

OIG RECOMMENDATIONS	PHT RESPONSE	90 DAY STATUS UPDATE
12) "Cruise" patients, whether cruise passengers or cruise line employees, should be separately reported.	We agree. We will review current patient identification codes and determine the appropriate means to differentiate between the various classes of international patients and whether they are associated with FHS efforts.	Cruise patients are separately monitored, tabulated and reported in the Daily Admissions Report for international patients.
13) JHS should consider establishing separate patient identification codes for the different classes of international patients. For example, Z-92, could be those patients entering JHS with the new organization's input and assistance, Z-93 could be cruise patients, and Z-94 would be other international patients entering JHS.	We agree. We will review current patient identification codes and determine the appropriate means to differentiate between the various classes of international patients and whether they are associated with FHS efforts.	Intl patients are currently being split out into the various classes and reported accordingly. These are 1) airlifts 2) electives, 3) cruise passengers, and 4) ER Entry Point.
14) Time spent by foreign professional consultants providing services for the new organization while in U.S. territory must be monitored and, if appropriate, funds withheld and remitted to the IRS in accordance with U.S. Treasury regulations.	It is the policy of JHS to comply with all local, state and federal laws, including IRS laws.	Time spent in U.S. by foreign "ambassadors" are tracked and reported to HR / Finance so that tax funds will be withheld if required.
15) Written professional services agreements with consultants setting forth scope of services, performance measures, and payment terms and conditions should be executed prior to services being rendered and payments made.	This recommendation is consistent with established JHS practices and procedures.	This is the exact process that is currently being followed and compliance is monitored through JMI/JHS management's review and approval process.
16) Professional services agreements should be fee-based only, with defined tasks and measurable performance indicators.	This recommendation is consistent with established JHS practices and procedures.	This is the exact process that is currently being followed and compliance is monitored through JMI/JHS management's review and approval process. All professional services agreements are currently fee-based.
17) Documentation of a consultant's work product should be maintained to justify the fees paid.	(This was an additional recommendation to the final report and as such did not have a previous PHT response)	Currently we are not contracted with any consultants. Any consultants are required to document work product before being paid.