



Office of the Inspector General

STATE OF UTAH

LEE WYCKOFF
Inspector General

August 2, 2012

Emma Chacon
Bureau Director Medicaid Managed Care
Utah Department of Health

SUBJECT: Emergency Audit Memo-ACO/MCO Contract Delay

Dear Mrs. Chacon:

We appreciate the opportunity to review the most recent draft of the proposed contract regarding Medicaid's move to the capitated healthcare delivery model. We remain focused on working with Medicaid management to facilitate the successful implementation SB 180. Based on our experience with Medicaid management to date, we have concerns about the project management process specific to contract development. The process deficiencies we are observing seem to be resulting in a contract which lacks these items:

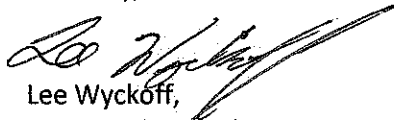
- Return on Investment (ROI) or other financial impact analysis
- Project and process timelines, which outlines implementation benchmarks and contingency strategies
- Adequate contractor accountability measures tied to quality and performance outcomes
- Clear mechanism for Office of Inspector General (OIG) to recover inappropriate Medicaid expenditures

It is the responsibility of the OIG to ensure taxpayer dollars are being expended in the most efficient and cost-effective manner. At this time, the contract lacks the proper controls to reasonably ensure that Medicaid funds are given prudent oversight. **We recommend that the contract submission to the health plans be delayed and an appropriate project management control structure be established.** We believe that establishing a precedent through clear and concise contractual agreements is the best way to support success of this transition.

Ron Bigelow, Executive Director of the Governor's Office of Planning and Budget, is also concerned with the project management process and would like to review a copy of the contract draft prior to it being released to the providers.

If you have any detailed questions about our suggestions, please call Lee Wyckoff at 801-538-6856.

Sincerely,



Lee Wyckoff,
Inspector General

Cc David Patton
Michael Hales
Julie Ewing