



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



OFFICE OF AUDIT SERVICES, REGION V
233 NORTH MICHIGAN, SUITE 1360
CHICAGO, IL 60601

November 20, 2012

Report Number: A-05-13-00011

Ms. Lucinda Jesson
Commissioner
Minnesota Department of Human Services
Elmer L Anderson Building
540 Cedar Street
St. Paul, MN 55101

Dear Ms. Jesson:

The purpose of this letter is to notify you of our intention to conduct a review of the Minnesota Department of Human Services. The Region V Office of Investigations has requested assistance from our office. The objective of the requested review is to determine whether information used for capitation rate setting for Minnesota's Health Care Programs was reasonable, allocable and allowable. Our review of certain public insurance programs managed by the Minnesota Department of Human Services will be for the period January 1, 2008, through December 31, 2009.

As a recipient of U.S. Department of Health and Human Services (HHS) grant funds, Minnesota Department of Human Services is subject to Office of Inspector General (OIG) audits and other reviews. Pursuant to 45 CFR § 92.42(e), 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.

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.

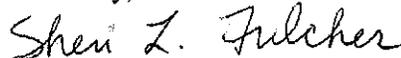
When transmitting any review information to OAS over the Internet, please properly safeguard the information. We request that you use the HHS/OIG Delivery Server, not email or attachments to email. Information transmitted through the HHS/OIG Delivery Server complies with Federal Information Processing Standard (FIPS) 140-2, *Security Requirements for Cryptographic Module*. Please contact Deborah Paver of my staff at (614) 469-2544, when you are ready to provide the requested information. We will authorize your staff to use the HHS/OIG Delivery Server and give instructions in its use.

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

This review will be performed under my direction. Deborah Paver of my staff will be in contact with you or someone on your staff to arrange an entrance conference. We appreciate your cooperation in this matter and will make every effort to minimize any disruption to the work of your office.

If you have any questions or concerns about our review, please contact David Markulin at (312) 353-1644 or through email at David.Markulin@oig.hhs.gov or Deborah Paver at (614) 469-2544 or through email at Deborah.Paver@oig.hhs.gov. Please refer to report number A-05-13-00011 in all correspondence. Thank you for your attention to this matter.

Sincerely,



Sheri L. Fulcher
Regional Inspector General
for Audit Services

Enclosure

**Minnesota Department of Human Services
A-05-13-00011**

Initial Information Request for Entrance Conference

1. Organization

- A. Organizational Chart (CY 2008-2009)
- B. Meeting Minutes (CY 2008-2009)
- C. Audit Committee and Compliance Officers, including name, address and background
- D. Audit reports and related financial statements
- E. Report on internal accounting controls
- F. Management letters
- G. Communication with Compliance Officers and External Quality Review Organizations

2. Policies, Procedures, Systems and Processes related to Minnesota's Rate Setting

- A. Accounting (Finance)
- B. Adjusted Clinical Group predictive software with updates and edits
- C. Compliance with Federal & State Laws
- D. Program Integrity Guidelines
- E. Standards of Conduct
- F. Code of Ethics
- G. Training and Retention
- H. Spreadsheets and analysis for rate determinations