



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

February 22, 2005

Report Number A-05-04-00030

Beth Waldman
Medicaid Director
Massachusetts Office of Medicaid
Executive Office of Health and Human Services
1 Ashburton Place, 11th Floor
Boston, Massachusetts 02108

Dear Ms. Waldman:

Enclosed are two copies of the U.S. Department of Health and Human Services, Office of Inspector General's final report entitled "Audit of Payments for Medicaid Services to Deceased Beneficiaries" for the period October 1, 1998, through September 30, 2001. A copy of this report will be forwarded to the action official noted below for review and any action deemed necessary.

Final determination as to actions taken on all matters will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

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To facilitate identification, please refer to report number A-05-04-00030 in all correspondence relating to this report.

Sincerely,

A handwritten signature in cursive script that reads "Paul Swanson".

Paul Swanson
Regional Inspector General
for Audit Services

Enclosures – as stated

Direct Reply to HHS Action Official:

Associate Regional Administrator
Centers for Medicare & Medicaid Services, Region I
Division of Medicaid and Children's Health
JFK Federal Building, Room 2325
Boston, MA 02203

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**AUDIT OF PAYMENTS FOR
MEDICAID SERVICES TO
DECEASED BENEFICIARIES**

**OCTOBER 1, 1998 THROUGH
SEPTEMBER 30, 2001**

**MASSACHUSETTS
OFFICE OF MEDICAID**



**FEBRUARY 2005
A-05-04-00030**

Office of Inspector General

<http://oig.hhs.gov>

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



EXECUTIVE SUMMARY

BACKGROUND

The Social Security Administration (SSA) maintains a data file of deceased individuals, to assist in preventing payments for services after death. The data file is compiled from death certificate information purchased from state governments and from death notifications received from funeral homes, friends, and family. The SSA maintains the most complete death records for the Federal Government. The data file is available to State and Federal Government entities. We matched this file against Medicaid payments by the State of Massachusetts to identify potential payments for services billed for dates after death.

OBJECTIVE

The objective of our review was to identify Medicaid overpayments resulting from provider billings for medical services for dates after the beneficiaries' death.

FINDINGS

The Massachusetts Office of Medicaid (State agency) did not identify and adjust all payments to providers for medical services billed for dates after the beneficiaries' death. From the developed universe of potentially unallowable payments, we statistically selected 100 payments. We confirmed that 52 payments were for services billed for dates after the Medicaid beneficiaries' deaths. The overpayments were not adjusted. As a result, we estimate that unrecovered overpayments were \$1,007,431 (Federal share \$503,715). Payments were made for services for dates after the beneficiaries' death, even though death certificates were on file at the Massachusetts Registry of Vital Records.

RECOMMENDATIONS

We recommend that the State agency:

- Recover the specifically identified overpayments of \$9,393 (Federal share \$4,696) for Medicaid services provided after the beneficiaries' death.
- Identify and recover additional overpayments estimated to be \$1,007,431 (Federal share \$503,715) for Medicaid services provided after the beneficiaries' death.
- Review current methods of data matching to ensure deceased Medicaid beneficiaries are identified and overpayments are adjusted.

AUDITEE RESPONSE

In a written response dated January 27, 2005, Massachusetts officials generally agreed with the recommendations and had initiated corrective actions. The written response is summarized in the body of the report and is included in its entirety as Appendix B to the report.

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INTRODUCTION

BACKGROUND

The SSA maintains a data file of deceased individuals, to assist in preventing payments for services after death. The data file is compiled from death certificate information purchased from state governments and from death notifications received from funeral homes, friends, and family. Reported deaths are routinely added to the SSA's death files. The SSA maintains the most complete death records for the Federal Government.

The Medicaid program provides medical services to needy Medicaid eligible beneficiaries. The program is jointly administered by the Federal Government through the Centers for Medicare & Medicaid Services (CMS) and by the states through their designated state agency. During fiscal year 2000, Federal and State spending for Medicaid services in Massachusetts totaled \$6.34 billion.

We matched the SSA death files against Medicaid payments by the State of Massachusetts to identify potential payments for services after the beneficiaries' death.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective. The objective of our audit was to identify Medicaid overpayments resulting from provider billings for medical services for dates after the beneficiaries' death.

Scope. For the period October 1, 1998 through September 30, 2001, Medicaid beneficiaries' names, social security numbers and birth dates were matched with corresponding data for deceased individuals from the SSA death files. We limited our universe of payments to beneficiaries with a date of death between 1998 through 2001. For Medicaid eligible beneficiaries identified as deceased, we determined the amounts paid for services provided in the month after their deaths through December 31, 2001. There were 10,725 paid claims for services billed after death, totaling \$2 million.

The overall internal control structure of the State agency's Medicaid program was not reviewed. Our internal control review was limited to obtaining an understanding of its procedures to identify payments for services to deceased individuals and to recover the overpayments.

Methodology. A statistical sample of 100 claims for medical services totaling approximately \$27,000 was reviewed. Death data from the Massachusetts Registry of Vital Records and the State's Medicaid Management Information System were used to determine whether the paid claims were for deceased beneficiaries and, therefore, unallowable. For each of the 100 claims, we initially determined whether the State agency had identified inappropriate payments and made recoveries. If not, we confirmed that the payment was for services billed for dates after the death of the beneficiary. We used the State agency's Medicaid Management Information System data to verify that the individuals listed in the SSA death files were the individuals for whom the payments

were made. We compared SSA and Medicaid Management Information System data, including the social security number, name, and date of birth, for each of the individuals. We reviewed the Massachusetts Registry of Vital Record's death certificates to document the death of each beneficiary. We also reviewed the State's Medicaid Management Information System paid claims file to confirm the recovery status of each claim. Details of the sampling methodology are presented in Appendix A.

We performed our audit work at the State agency's offices in Boston, Massachusetts. The fieldwork was conducted from May 2004 through July 2004.

Our audit was conducted in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The State agency did not identify and adjust all payments to providers for medical services billed for dates after the beneficiaries' death. From the developed universe of 10,725 potentially unallowable payments, we confirmed that 52 of a statistically selected sample of 100 payments were for services billed for dates after the Medicaid beneficiaries' deaths. The overpayments were not adjusted. As a result, we estimate that unrecovered overpayments were \$1,007,431 (Federal share \$503,715). Payments were made for services billed after the beneficiaries' death, even though death certificates were on file at the Massachusetts Registry of Vital Records.

CRITERIA

The Code of Federal Regulations Title 42, Part 433 states that an overpayment is the amount that the Medicaid agency paid to a provider in excess of the amount allowable for furnished services. Medically necessary services could not be furnished to a deceased beneficiary.

Inappropriate Payments for Service Dates After Death

From the 100 claims selected in our sample, we identified 52 payments amounting to \$9,393 for services billed for dates after the beneficiaries' death. The overpayments were not adjusted. All 49 beneficiaries with 52 claims had death certificate information on file with the Massachusetts Registry of Vital Records. We reviewed 21 hard copy death certificates for beneficiaries associated with 21 claims and the Vital Records' database entries of death certificate information for 28 beneficiaries associated with 31 claims.

Adjusted Paid Claims

Based on the State's Medicaid Management Information System paid claims file, the State agency identified and made an adjustment for 1 of the 100 paid claims. We confirmed that the rest of the claims in the audit sample were paid and were not adjusted.

Beneficiaries Not Deceased

We determined that 31 beneficiaries, with 47 claims selected in our sample, were not deceased prior to the date of service. Discrepancies in information contained in the SSA data match and State records revealed that 13 individuals were apparently alive, and we could not confirm the death for the remaining 18 beneficiaries. In regard to the claims cited above, consider the following.

Data Discrepancies. For 7 beneficiaries with 11 claims, there were discrepancies between SSA death file data and the State's Medicaid Management Information system. The 7 sampled beneficiaries were not the recipients of the service. Their social security numbers did not correspond to the recipient history numbers on the State's Medicaid Management Information system. The beneficiaries actually receiving services were alive and eligible for Medicaid services. We attribute the miscoding to Medicaid beneficiaries using the social security number of a relative or spouse or to the State assigning the wrong social security number to a Medicaid beneficiary's recipient history record. These beneficiaries were the same sex or race or had similar dates of birth.

Four additional beneficiaries with 5 claims had dates of death per the SSA death file that did not match the Massachusetts Registry of Vital Records. The State date of death was after the service date billed. We believe that Vital Records data is the best source for the date of death.

Two beneficiaries had service periods that began prior to the date of death, but ended after the date of death. We confirmed that the beneficiaries' actual date of death was after the start of the service period.

No Death Information. We were not able to confirm the deceased status of 18 beneficiaries representing 29 claims. The SSA death tapes indicated the beneficiaries were deceased, but no supporting documentation was available from the Massachusetts Registry of Vital Records, Medicaid Management Information System, Medicare common working files, or other federal sources. Additional steps, such as contacting the beneficiary or provider, would be necessary to eliminate the uncertainty raised by the inclusion on the SSA death tapes.

Inaccurate Data Matches

Although State agency officials indicate that data matches were performed to identify deceased Medicaid beneficiaries, the high number of potential overpayments in our subsequent data match (10,725 paid claims amounting to approximately \$2 million) suggests that the State's data matches were not accurate or complete. Fifty-two of the 100 selected claims in our sample were confirmed to be overpayments.

The data matches prior to December 1999 were limited to monthly comparisons of a Department of Public Health death file and matching it against the State's eligibility files. This process apparently did not detect all beneficiary deaths. Therefore, the State agency

was not aware of a significant number of these deaths and consequently made unallowable payments.

As of July 2001, the State began maintaining an internal death file compiled with a daily match between SSA death reports and the State's eligibility files. We believe that the current system of daily matches with an internally maintained death file should significantly reduce the number of overpayments.

Payments for Service Dates After Death

Based on the projected results of our statistical sample, we estimate that \$1,007,431 in payments were made to deceased Medicaid beneficiaries after their date of death.

RECOMMENDATIONS

We recommend that the State agency:

- Recover the specifically identified overpayments of \$9,393 (Federal share \$4,696) for Medicaid services provided after the beneficiaries' death.
- Identify and recover additional overpayments estimated to be \$1,007,431 (Federal share \$503,715) for Medicaid services provided after the beneficiaries' death.
- Review current methods of data matching to ensure deceased Medicaid beneficiaries are identified and overpayments are adjusted.

STATE AGENCY COMMENTS AND OIG RESPONSE

Massachusetts officials generally agreed with the recommendations and had initiated corrective actions. However, they disagreed with our projected error for the three-year period and provided details on their calculations of the projected error in an e-mail dated January 10, 2005. The State's projected overpayment of \$695,778 was a simple mathematical calculation of overpayments based on the sample results and was not based on statistical theory. The State's projection does not account for variations in data. Our statistical sampling software provides a variable appraisal using the difference estimate to estimate the amount of overpayments. We believe that our statistical analysis provides the best estimate of the projected error. The State agency's written response is included as Appendix B to the report.

APPENDIXES

SAMPLING METHODOLOGY

POPULATION

Paid claims for Medicaid eligible beneficiaries receiving services in the month after death. The services were provided during the period of November 1998 through December 2001. The universe consisted of 10,725 paid claims totaling \$2,071,629.

SAMPLE DESIGN

A statistical random sample was used for this review. The Random Number Generator through the *OAS Statistical Sampling Software RATS-STATS* was used to select the random sample.

RESULTS OF SAMPLE

The results of our review are as follows:

Number Of Claims	Sample Size	Value of Sample	Number of Errors	Value of Errors
10,725	100	\$27,297	52	\$9,393

Based on the errors found in the sample data, the point estimate is \$1,007,431 with a lower limit at the 90% confidence level of \$723,835. The precision of the 90% confidence interval is + or - \$283,597 or 28.15%.



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Lieutenant Governor

The Commonwealth of Massachusetts
Executive Office of Health and Human Services
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Boston, MA 02108



RONALD PRESTON
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BETH WALDMAN
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January 27, 2005

Paul Swanson
Regional Inspector General
for Audit Services
Department of Health & Human Services
Office of Audit Services
233 North Michigan Avenue
Chicago, Illinois 60601

RE: Report Number A-05-04-00030

Dear Mr. Swanson,

Thank you for the opportunity to respond to your draft report titled "Audit of Payments for Medicaid Services to Deceased Beneficiaries" for the period October 1, 1998 to September 30, 2001.

Massachusetts' Office of Medicaid (Office) is in substantial agreement with the report's draft findings, and will return \$4,696 Federal Financial Participation payments on the next quarterly CMS-64 report. We have, as described in more detail below, already improved both our identification of dates of death and our monitoring of claims for services after a member's date of death, and we will continue to implement the report recommendations during FY05.

We are, however, questioning the projected error for the three-year period. Our detailed response to the projected error is provided under separate cover.

With respect to delays in reporting members' dates of death (DOD): we have already implemented procedures to improve the timeliness and accuracy of DOD information received from outside sources (i.e. federal and state agencies), as the draft report noted. We are also working on improving DOD data matching with the Commonwealth's Bureau of Vital Statistics. We will continue to work to improve communication and processes to ensure that our date of death information is as accurate as possible.

Based on our review of the detailed findings of the report, we have determined that the majority of suspect claims identified in the audit relate to monthly recurring managed care plan capitated premium payments. For fee-for-service claims, we already conduct periodic reviews and recover any claims that were paid for services after a member's date of death.

With respect to our capitated arrangements, managed care plan premium payments are initially based on projected enrollment and are settled against the managed care plan's actual enrollment on a quarterly basis. If the enrollment status for a managed care member is updated on the Medicaid Management Information System (MMIS) after the quarterly estimated capitation payment reconciliation is completed for a given quarter, there is a process for adjusting a future capitation payment to account for the updated enrollment information. Accordingly, payments for dates of service after a member's date of death should be recovered on a going forward basis through one of these two processes.

We are now strengthening our post payment review of claims paid where there was a delay in the reporting of a member's date of death to implement more timely reporting and to identify and recover, where appropriate, all payments including managed care capitation payments. We are currently evaluating and recovering payments and will routinely perform this review on an annual basis.

Thank you for this opportunity to respond to your draft report. If you have any questions, please contact Frank McNamara, Internal Control Unit at 600 Washington Street, Boston, MA 02111.

Sincerely,

Handwritten signature of Beth Waldman in cursive script, followed by the initials "p.p." to the right.

Beth Waldman,
Medicaid Director