

Department of Health and Human Services
Office of Inspector General



Office of Audit Services

October 2026 | OAS-25-04-100

Louisiana Made Unallowable Managed Care Capitation Payments on Behalf of Incarcerated Medicaid Enrollees

REPORT HIGHLIGHTS



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Louisiana Made Unallowable Managed Care Capitation Payments on Behalf of Incarcerated Medicaid Enrollees

Why OIG Did This Audit

- Louisiana pays managed care organizations to make services available to eligible Medicaid enrollees in return for a monthly fixed payment (capitation payment) for each enrollee.
- Previous audits found that State Medicaid agencies made unallowable capitation payments on behalf of incarcerated Medicaid enrollees.
- We conducted this audit to determine whether Louisiana made unallowable capitation payments on behalf of incarcerated Medicaid enrollees and to identify the dollar amount of any unallowable capitation payments that were not recovered. We reviewed capitation payments the State agency made to managed care organizations on behalf of 100 incarcerated enrollees.

What OIG Found

- The State agency made unallowable managed care capitation payments on behalf of 46 of the 100 incarcerated Medicaid enrollees in our stratified random sample, totaling \$143,459 (\$102,822 Federal share).
- On the basis of our sample results, we estimated that during our audit period Louisiana made unallowable capitation payments on behalf of incarcerated Medicaid enrollees totaling at least \$3.7 million (\$2.6 million Federal share).

What OIG Recommends

We made two recommendations to Louisiana: that it (1) refund \$2,690,745 (Federal share) for unallowable capitation payments made on behalf of incarcerated enrollees and (2) implement processes that consistently and promptly suspend Medicaid managed care enrollments upon receiving incarceration notifications. The full recommendations are in the report.

Louisiana agreed with our recommendations and described actions that it had taken to address them.

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INTRODUCTION

WHY WE DID THIS AUDIT

The Louisiana Department of Health (State agency) pays managed care organizations (MCOs) a monthly fixed payment (capitation payment) for each eligible Medicaid enrollee to make Medicaid services available.¹ A previous audit in Ohio found that the State Medicaid agency made unallowable capitation payments on behalf of incarcerated Medicaid enrollees.² It was determined that the State Medicaid agency did not always terminate or suspend managed care enrollment for Medicaid enrollees while they were incarcerated, permitting the unallowable capitation payments to occur. OIG is conducting a series of audits of unallowable managed care capitation payments made on behalf of incarcerated Medicaid enrollees.³ We are concerned that issues similar to those identified in previous audits could negatively impact Louisiana's Medicaid program.

OBJECTIVE

Our objective was to determine whether the State agency made unallowable capitation payments to Medicaid MCOs on behalf of individuals incarcerated in State prisons and to identify the dollar amount of any unallowable capitation payments made on behalf of the incarcerated enrollees that were not recovered.

BACKGROUND

The Medicaid Program

The Medicaid program provides medical assistance to certain low-income individuals and individuals with disabilities (Title XIX of the Social Security Act [the Act]). The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although

¹ A capitation payment is "a payment the State makes periodically to a contractor on behalf of each beneficiary enrolled under a contract . . . for the provision of services under the State plan. The State makes the payment regardless of whether the particular beneficiary receives services during the period covered by the payment" (42 CFR § 438.2).

² Ohio Auditor of State, [Ohio Department of Medicaid Improper Capitation Payments](#), Dec. 28, 2021. Louisiana Legislative Auditor, [Medicaid Participant Fees Paid for Incarcerated Individuals](#), July 2, 2014. Louisiana Legislative Auditor, [Identification of Incarcerated Medicaid Recipients](#), Oct. 31, 2018. OIG, *Illinois Made Unallowable Managed Care Capitation Payments on Behalf of Incarcerated Medicaid Enrollees*, ([A-05-24-00019](#)), issued Dec. 18, 2025. Accessed May 16, 2025.

³ OIG Audit Series: [Medicaid Managed Care Capitation Payments on Behalf of Incarcerated Enrollees](#), announced July 15, 2024.

each State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

States may offer Medicaid benefits on a fee-for-service (FFS) basis, through managed care plans, or both.⁴ Under the FFS model, the State pays providers directly for each covered service received by a Medicaid enrollee. Under managed care, the State pays a fee to a managed care plan for each person enrolled in the plan. State Medicaid managed care programs are intended to increase access to and improve the quality of health care for Medicaid enrollees.

States contract with MCOs to provide services to Medicaid enrollees, usually in return for a monthly capitation payment. In turn, the MCO pays providers for all the Medicaid services an enrollee may require that are included in the MCO's contract with the State. States make the capitation payments regardless of whether the enrollee receives services during the period covered by the payment. If an enrollee's enrollment is not suspended or terminated when appropriate, capitation payments may continue automatically. States report these capitation payments on the States' Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64). The Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the rate of Federal Financial Participation (FFP), which is reflected by the Federal medical assistance percentage (FMAP) and varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10).

During the period from October 1, 2022, through September 30, 2024 (audit period), the FMAP rate in Louisiana was 73.48 percent in FY 2023 and 67.67 percent in FY 2024. Both figures include the 6.2-percentage-point increase provided under the Families First Coronavirus Response Act (FFCRA).⁵ Because of the Patient Protection and Affordable Care Act's Medicaid expansion, payments for "newly eligible" adults were reimbursed at a 100-percent FMAP beginning 2014 through 2016, gradually declining to 90 percent by 2020 and continuing at 90 percent thereafter (Social Security Act § 1905(y)).

Transformed Medicaid Statistical Information System

CMS maintains the Transformed Medicaid Statistical Information System (T-MSIS). Its primary purpose is to be an accurate, current, and comprehensive database of standardized enrollment, eligibility, and paid claim data about Medicaid enrollees that is used for administering Medicaid federally and helping to detect fraud, waste, and abuse in Medicaid.

T-MSIS contains enhanced information about enrollee eligibility, enrollee and provider enrollment data, service utilization data, claim and managed care data, and expenditure data. Timeliness issues prompted CMS to move toward a streamlined data submission process, along

⁴ We limited our audit to managed care capitation payments.

⁵ The FFCRA's temporary 6.2-percentage-point increase was gradually reduced beginning on April 1, 2023, and fully phased out on January 1, 2024.

with an enhanced data repository. The T-MSIS data help to further CMS's goals with improved timeliness, reliability, and robustness, as well as an increase in the amount of data requested. States submit their T-MSIS data to CMS monthly. OIG has full access to T-MSIS data for all States.

Federal Requirements

Federal regulations define an inmate of a public institution as "a person living in a public institution" and define a public institution as "an institution that is the responsibility of a governmental unit or over which a governmental unit exercises administrative control." A public institution includes a correctional institution. Medical institutions, along with several other settings, are excluded from the definition of a public institution.⁶

CMS considers an individual of any age to be an inmate if the individual is in custody and held involuntarily through operation of law enforcement authorities in a public institution. Correctional institutions include State or Federal prisons, local jails, detention facilities, or other penal settings (e.g., boot camps, wilderness camps). While correctional institutions may provide medical and related services, they are organized for the primary purpose of involuntary confinement and are not considered to be a medical institution. Inmates of a public institution who are held involuntarily may be enrolled in Medicaid, but States may not receive FFP for Medicaid covered services unless the inmate is an inpatient in a medical institution.^{7, 8}

⁶ 42 CFR § 435.1010.

⁷ Vikki Wachino, Director, Center for Medicaid & CHIP Services, CMS, [\(SHO\) letter 16-007: To Facilitate successful re-entry for individuals transitioning from incarceration to their communities](#), letter to State health officials (Apr. 28, 2016). Accessed on May 5, 2025.

⁸ 42 CFR §§ 435.1009, 435.1010, and section 1905(a)(30)(A) of the Act. During our audit period, this provision was renumbered and is currently found at section 1905(a)(32)(A) of the Act. Further, effective Jan. 1, 2025 (which was after our audit period), the Consolidated Appropriations Act, 2024 removed the inmate FFP exclusion for certain services provided to eligible incarcerated juveniles who are within 30 days of their release and for the full range of Medicaid covered services provided to eligible incarcerated juveniles while pending disposition of charges.

In guidance issued before our audit period, CMS noted that States should consider placing the eligibility of a Medicaid-enrolled inmate in a suspended status upon incarceration and/or setting up claim processing markers and edits to ensure that FFP for inmates is claimed only for Medicaid covered inpatient services delivered to inmates in a medical institution. Suspension of Medicaid benefits stops Medicaid coverage for enrollees who become incarcerated, in compliance with the inmate FFP exclusion.⁹ The suspension is lifted once the individual is released from the correctional facility.

For States to receive the FFP increase during the COVID-19 Public Health Emergency (PHE), they were required by section 6008(b)(3) of the FFCRA, as amended by the Consolidated Appropriations Act, 2023, to provide continuous coverage to most Medicaid enrollees who were enrolled on or after March 18, 2020. However, the FFCRA did not supersede the limitation on FFP for inmates of a public institution, and FFP for inmates continued to be limited to covered inpatient services.¹⁰

State Requirements

MCOs are liable to the State agency for any costs, expenses, claims, or reimbursement incurred or expended by the State agency due to the provider's fault or fraudulent intent. Each MCO shall report every instance of suspected fraud, waste, or abuse to the State agency. The attorney general shall have the authority to seek recoveries from any MCO. Recoupments shall be returned to the State agency.¹¹ Capitation payments received from the State agency for an incarcerated enrollee the month after entering involuntary custody are recouped by the State agency.

The Justice-Involved Pre-Release Enrollment Program Manual establishes Louisiana's operational requirements for ensuring accurate Medicaid eligibility and managed care enrollment for individuals entering and exiting custody.¹² The manual outlines the coordinated responsibilities of the Louisiana Department of Public Safety & Corrections (LDPS&C) and the State agency, requiring LDPS&C to document and communicate all facility-level admissions to the State. This reporting is essential to allow the State agency to rely on timely incarceration notifications to suspend Medicaid eligibility and managed care enrollment during the period of incarceration. Under these requirements, LDPS&C must promptly communicate all admissions

⁹ Effective Jan. 1, 2026, the Consolidated Appropriations Act, 2024 prohibits States from terminating an individual's Medicaid eligibility because the individual is an inmate of a public institution but allows States to suspend coverage during the period the individual is an inmate. This prohibition was in place before the audit period for eligible incarcerated juveniles under the Substance Use-Disorder Prevention That Promotes Opioid Recovery and Treatment for Patients and Communities Act.

¹⁰ CMS, [COVID-19 Frequently Asked Questions \(FAQs\) for State Medicaid and Children's Health Insurance Program \(CHIP\) Agencies](#), Jan. 6, 2021. Accessed on May 5, 2025.

¹¹ Louisiana Revised Statutes (LRS) 46:460.73.

¹² Healthy Louisiana, [Justice-Involved Pre-Release Program Manual](#), Apr. 21, 2021.

to ensure benefits are properly suspended, and the State agency must act on that information to prevent improper payments. These provisions form the foundation of Louisiana's process for maintaining accurate enrollment status for justice-involved individuals.

Louisiana Medicaid Managed Care Program

The State agency is the single State Medicaid agency responsible for administering Medicaid in Louisiana. The State agency provides individuals in Louisiana access to health care, including, but not limited to, medical, dental, mental health, hospice, and substance use treatment services. During our audit period, approximately 93 percent of Louisiana's Medicaid population (2.1 million individuals) received benefits through MCOs under contract with the State agency.

In Louisiana, when a Medicaid enrollee becomes incarcerated, they do not lose Medicaid eligibility. Instead, Medicaid benefits are suspended during the incarceration, and enrollees are disenrolled from their health plan to prevent improper Medicaid payments. All enrollees released from incarceration shall be enrolled in accordance with the comprehensive process outlined in the Justice-Involved Pre-Release Enrollment Program Manual.

Louisiana Department of Public Safety & Corrections Prison Data Match and Medicaid Managed Care Enrollment Suspension

LDPS&C provides the State agency with a weekly list of incarcerated individuals (prison data). The State agency's Louisiana Medicaid Eligibility System (LaMEDS) is then updated manually with the incarceration date. Once updated, LaMEDS automatically matches the prison data against Louisiana Medicaid enrollment data to identify any enrollees who become incarcerated and suspends enrollment, sending the incarceration information to the Medicaid Management Information System (MMIS) and Maximus, the State agency's third-party enrollment broker.

Upon inmate enrollment suspension, the State agency prevents capitation payments from continuing during the incarceration period. Any inpatient services already billed to an MCO for the month of incarceration are rebilled to the State agency under the traditional FFS Medicaid program.

In some instances, LaMEDS is unable to automatically suspend enrollment. Currently, LaMEDS automatically creates a task for a Medicaid Eligibility Field Analyst within the State Agency Justice-Involved Unit to manually review the incarceration information and update LaMEDS, potentially suspending enrollment.

The following instances require manual enrollment suspension:

- Incarcerated individual was in a multi-person household prior to incarceration
- Incarcerated individual is housed in a local facility
- Information is limited

HOW WE CONDUCTED THIS AUDIT

Our audit covered \$18.3 million in Louisiana Medicaid managed care capitation payments from October 1, 2022, through September 30, 2024, that the State agency made on behalf of 3,639 incarcerated Medicaid enrollees.¹³ To identify our population of capitation payments made by the State agency, we compared LDPS&C prison data to Louisiana T-MSIS data by matching the enrollees' Social Security number (SSN), date of birth (DOB), and name. Our match compared the enrollees' Medicaid managed care capitation payment service dates to the enrollees' incarceration beginning and end dates in the LDPS&C prison data.

To determine whether the State agency made unallowable managed care capitation payments on behalf of incarcerated Louisiana Medicaid enrollees, we selected a stratified random sample of 100 incarcerated Medicaid enrollees with capitation payments totaling \$722,631 (\$516,929 Federal share). Using the results of our sample, we estimated the total value and Federal share of unallowable capitation payments that the State agency made during our audit period on behalf of enrollees who were incarcerated.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of audit scope and methodology, Appendix B contains our statistical sampling methodology, Appendix C contains our sample results and estimates, and Appendix D a flowchart of Medicaid enrollment during incarceration.

FINDINGS

The State agency made unallowable managed care capitation payments on behalf of incarcerated Medicaid enrollees during our audit period. Of the 100 enrollees in our stratified random sample, we determined that capitation payments associated with 54 enrollees were allowable.¹⁴ However, the State agency made unallowable capitation payments totaling \$143,459 (\$102,822 Federal share) on behalf of 46 enrollees. Based on our sample results, we estimated that during our audit period the State agency made unallowable capitation payments

¹³ The sampling frame includes Medicaid enrollees where the total capitation payment value for an enrollee's incarceration period is greater than \$50.

¹⁴ We confirmed the enrollees' Medicaid managed care enrollment and capitation payments using Louisiana MMIS data. We also confirmed the incarceration admission and release dates with the State agency.

on behalf of incarcerated Medicaid enrollees totaling at least \$3.7 million (\$2.6 million Federal share).^{15, 16}

We determined that the State agency did not consistently suspend managed care enrollment after receiving incarceration notifications between October 1, 2022, through June 30, 2024. The State agency reported that it and Maximus often did not receive timely beginning and end incarceration dates from LDPS&C. The State agency also stated that Maximus did not properly identify managed care enrollments that were in place before incarceration. As a result, capitation payments continued for individuals who should have been suspended from enrollment. To address these issues, beginning in July 2024 the State agency initiated monthly reviews of LDPS&C data to improve accuracy.

THE STATE AGENCY MADE UNALLOWABLE PAYMENTS TO MANAGED CARE ORGANIZATIONS ON BEHALF OF INCARCERATED MEDICAID ENROLLEES

Inmates of a public institution who are held involuntarily may be enrolled in Medicaid.¹⁷ However, according to Federal requirements, States generally may not receive FFP for Medicaid covered services unless the inmate is an inpatient in a medical institution.¹⁸

From our stratified random sample of 100 incarcerated Medicaid enrollees, we found that the State agency made unallowable managed care capitation payments on behalf of 46 enrollees, totaling \$143,459 (\$102,822 Federal share). On the basis of our sample results, we estimated that during our audit period the State agency made unallowable capitation payments on behalf of incarcerated Medicaid enrollees totaling at least \$3.7 million (\$2.6 million Federal share).

The State Agency Did Not Always Suspend Medicaid Managed Care Enrollment for Incarcerated Enrollees

The State agency made unallowable Medicaid managed care capitation payments on behalf of incarcerated individuals because enrollment was not suspended in a timely or accurate manner. These improper payments occurred due to delayed incarceration data from LDPS&C and manual processing failures within the State's enrollment workflow.

¹⁵ To be conservative, we estimate overpayments at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual overpayment total 95 percent of the time.

¹⁶ Rounding to the nearest dollar, the amounts equaled \$3,742,284 and \$2,690,745, respectively.

¹⁷ Vikki Wachino, Director, Center for Medicaid & CHIP Services, CMS, (SHO) letter 16-007: [To Facilitate successful re-entry for individuals transitioning from incarceration to their communities](#), letter to State health officials (Apr. 28, 2016). Accessed on May 5, 2025.

¹⁸ 42 CFR §§ 435.1009, 435.1010, and section 1905(a)(30)(A) of the Act. During our audit period, this provision was renumbered and is currently found at section 1905(a)(32)(A) of the Act.

Although LDPS&C submitted weekly incarcerated admission and release information to the State agency, the data was frequently incomplete because of limitations in LDPS&C’s antiquated information system. As a result, incarceration information was often provided months—and in some cases years—after the enrollee entered custody, with some records delayed by up to 5 years. These delays prevented the State agency and Maximus from suspending managed care enrollment promptly, resulting in continued capitation payments for individuals who were no longer eligible.

Further, the State agency’s enrollment system, implemented in 2012, could not automatically update managed care enrollment when incarceration status changed. When an enrollee’s incarceration overlapped with prior managed care enrollment changes, the system required manual correction. Maximus could suspend enrollment only after receiving timely incarceration data from LDPS&C. If LDPS&C did not report the incarceration promptly, suspension did not occur, and capitation payments continued throughout the incarceration period.

Beginning in July 2024, the State agency stated it implemented a monthly manual cross-check using Appriss data¹⁹ and LDPS&C data to improve accuracy, and during the final months of our audit period, we did not identify additional unallowable payments.

Table 1 below summarizes the number of unallowable monthly capitation payments that were made on behalf of the 46 sampled incarcerated Medicaid enrollees. Our analysis found that 35 of the 46 enrollees had 6 or fewer months of unallowable capitation payments. The remaining 11 sampled enrollees had more than 6 months of unallowable capitation payments. The unallowable capitation payments were not recovered from the MCOs.

Table 1: Number of Months With Unallowable Capitation Payments for 46 Incarcerated Enrollees

Number of Months With Unallowable Capitation Payments	Number of Incarcerated Medicaid Enrollees
3 or fewer months	29
4 to 6 months	6
7 to 12 months	3
13 to 18 months	2
More than 18 months	6
Total	46

¹⁹ Appriss is a subsidiary of Equifax and collects incarcerated data nationwide. This data is used to supplement the information from LDPS&C.

As a result of these delayed data exchanges and manual-processing limitations, the State agency made unallowable capitation payments totaling \$143,459 (\$102,822 Federal share) for 46 incarcerated enrollees in our sample. From these sample results, we estimated that the State agency made at least \$3.7 million (\$2.6 million Federal share) in improper capitation payments during the audit period.

RECOMMENDATIONS

- We recommend that the Louisiana Department of Health refund \$2,690,745 (Federal share) for estimated unallowable capitation payments made on behalf of incarcerated Medicaid enrollees.
- We recommend that the Louisiana Department of Health implement processes that consistently and promptly suspend Medicaid managed care enrollments upon receiving incarceration notifications.

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency agreed with our recommendations and described actions that it had taken to address them. For example, the State agency is working internally to ensure the appropriate Federal share of unallowable capitation payments made on behalf of the incarcerated Medicaid enrollees is returned.

Additionally, the State agency said that in July 2024, it implemented a monthly manual cross-check using Appriss data and LDPS&C data to improve accuracy. During the final months of the audit period, we identified no additional unallowable payments.

The State agency's comments appear in their entirety as Appendix E.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered \$18.3 million in Medicaid managed care capitation payments from October 1, 2022, through September 30, 2024 (audit period), that the State agency made on behalf of 3,639 incarcerated Louisiana Medicaid enrollees. We selected a stratified random sample of 100 incarcerated Louisiana Medicaid enrollees with managed care capitation payments totaling \$722,631 (\$516,929 Federal share) to determine whether the State agency made managed care capitation payments on behalf of incarcerated Louisiana Medicaid enrollees during the audit period.

To identify our population of capitation payments made by the State agency on behalf of incarcerated enrollees, we compared LDPS&C prison data to Louisiana T-MSIS data and matched the enrollees' SSN, DOB, and name.

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the design, implementation, and operating effectiveness of the State agency's internal controls related to control activities and monitoring of capitation payments made on behalf of incarcerated Medicaid enrollees. As part of our internal control review, we reviewed the State agency's policies and procedures for identifying and terminating the managed care enrollment of Medicaid enrollees who were incarcerated. However, because our review was limited to these aspects of internal control, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit. Any internal control deficiencies we found are discussed in this report.

We conducted our audit work from April 2025 through July 2026.

METHODOLOGY

We took the following steps to accomplish our objective:

- Reviewed Federal laws, regulations, and guidance
- Obtained prison data from LDPS&C that contained a list of all incarcerated adults serving a State of Louisiana prison sentence during calendar years 2022 through 2024
- Reviewed the State agency MCO contracts, laws, and policies and procedures that were in effect during the audit period to gain an understanding of the State agency's internal controls over preventing, identifying, and correcting capitation payments that were made on behalf of incarcerated enrollees
- Identified sources that the State agency used to identify enrollees who were incarcerated

- Matched the LDPS&C prison data to Louisiana T-MSIS data and identified 3,639 incarcerated Medicaid enrollees with managed care capitation payments, totaling \$18,364,228, in the audit period
- Selected for review a stratified random sample of 100 Medicaid managed care enrollees with capitation payments, totaling \$722,631 (\$516,929 Federal share)
- Validated the T-MSIS data for each sampled enrollee by:
 - Comparing current enrollee data from the State agency to determine whether the enrollees' Medicaid managed care enrollment information was accurate
 - Comparing current capitation payment data from the State agency to determine whether a capitation payment occurred and whether any subsequent adjustments were made
- Reviewed sampled enrollees' MMIS information, LDPS&C prison information, and other supporting documentation to determine whether the capitation payments were allowable
- Estimated, based on the sample results, the total value and Federal share of capitation payments that the State agency made on behalf of incarcerated Medicaid enrollees by using the Office of Inspector General, Office of Audit Services (OIG/OAS), statistical software; and
- Discussed the results of our audit with State agency officials

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: STATISTICAL SAMPLING METHODOLOGY

SAMPLING FRAME

Our sampling frame consisted of 3,639 incarcerated Medicaid enrollees with managed care capitation payments during the audit period of October 1, 2022, through September 30, 2024, totaling \$18,364,228.²⁰

SAMPLE UNIT

The sample unit was an incarcerated Medicaid enrollee.²¹

SAMPLE DESIGN AND SAMPLE SIZE

We used a stratified random sample outlined in Table 2.

Table 2: Sample Design Summary

Stratum	Frame Information			Sample Size
	Boundaries	Number of Enrollees	Amount of Capitation Payments	
1	Incarcerated Medicaid enrollees with capitation payment amounts from \$59.31 to \$8,116.44	2,820	\$7,601,991	50
2	Incarcerated Medicaid enrollees with capitation payment amounts from \$8,124.68 to \$63,620.58	819	10,762,237	50
	Total	3,639	\$18,364,228	100

SOURCE OF RANDOM NUMBERS

We generated the random numbers using the OIG/OAS statistical software.

²⁰ The sampling frame includes Medicaid enrollees where the total capitation payment value for an enrollee's incarceration period is greater than \$50.

²¹ We identified more than one capitation payment for most incarcerated Medicaid enrollees. We grouped those payments into one payment record.

METHOD FOR SELECTING SAMPLE UNITS

We sorted each stratum using the enrollees' LDPS&C identification number and consecutively numbered the items in each stratum in the sampling frame. We generated random numbers for each stratum, and we selected the corresponding sampling frame items for review given the sample sizes defined in Table 2.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the total value and Federal share of unallowable capitation payments in the sampling frame that the State agency made on behalf of incarcerated Medicaid enrollees during our audit period at the lower limit of the two-sided 90-percent confidence interval (Appendix C). Lower limits calculated in this manner are designed to be less than the actual overpayment total 95 percent of the time.

APPENDIX C: SAMPLE RESULTS AND ESTIMATES

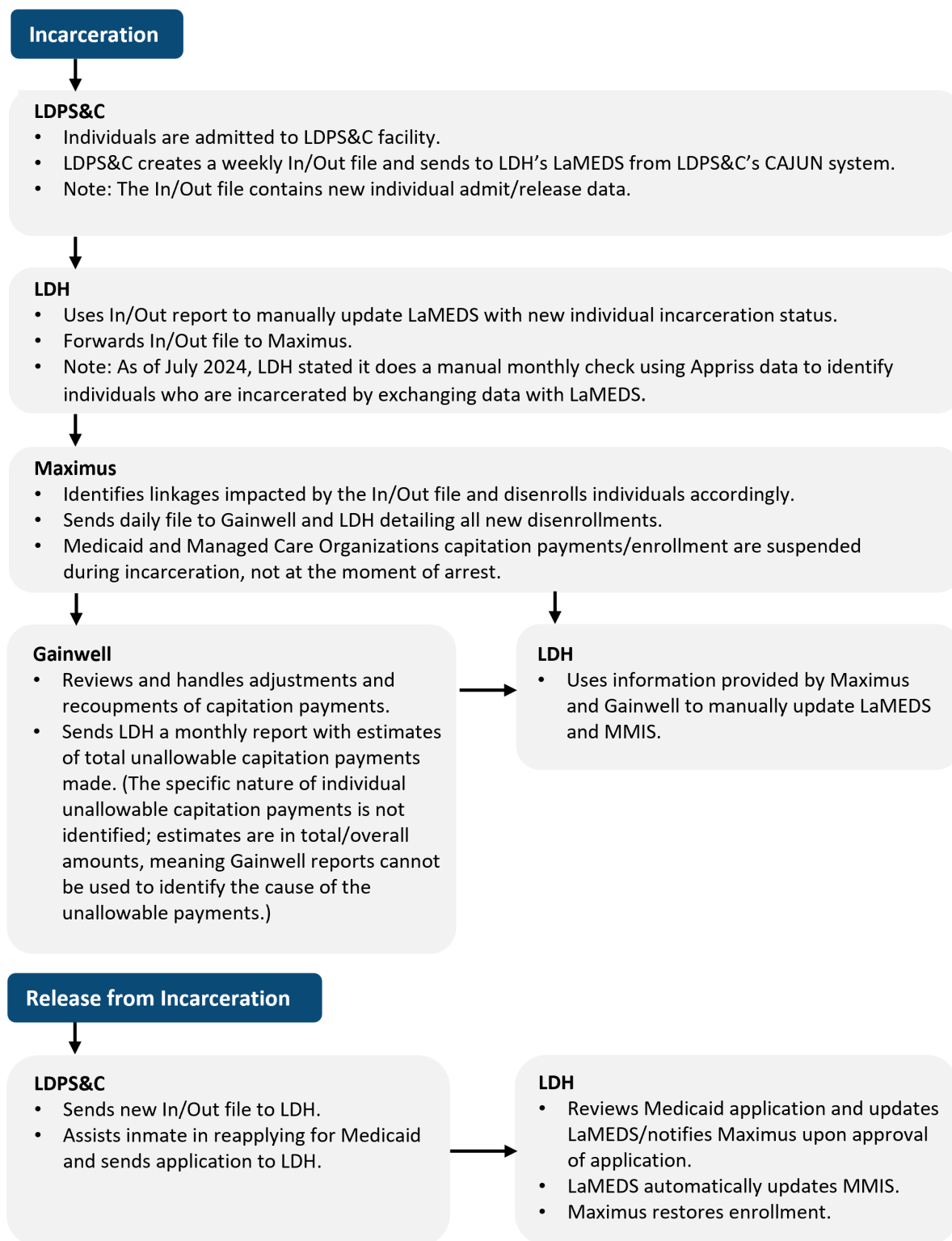
Table 3: Sample Results

						Sampled Incarcerated Medicaid Enrollees With Unallowable Capitation Payments		
Stratum	Frame Size	Total Value of Frame	Sample Size	Total Value of Sample	Federal Share of Sample	Number in Sample	Total Value of Unallowable Capitation Payments	Federal Share of Unallowable Capitation Payments
1	2,820	\$7,601,991	50	\$107,575	\$78,804	31	\$63,417	\$45,674
2	819	10,762,237	50	615,056	438,125	15	80,042	57,148
Total	3,639	\$18,364,228	100	\$722,631	\$516,929	46	\$143,459	\$102,822

Table 4: Estimated Unallowable Capitation Payments in the Sampling Frame That the State Agency Made on Behalf of Incarcerated Medicaid Enrollees
(Limits Calculated at the 90-Percent Confidence Level)

	Total Amount	Federal Share
Point estimate	\$4,887,821	\$3,512,122
Lower limit	3,742,284	2,690,745
Upper limit	6,033,358	4,333,498

APPENDIX D: LOUISIANA MEDICAID INCARCERATION FLOWCHART



ACRONYMS

LDPS&C: Louisiana Department of Public Safety & Corrections

LDH: Louisiana Department of Health

LaMEDS: Louisiana Medicaid Eligibility System

MMIS: Medicaid Management Information System

APPENDIX E: STATE AGENCY COMMENTS

Jeff Landry
GOVERNOR



Bruce D. Greenstein
SECRETARY

State of Louisiana Louisiana Department of Health Bureau of Health Services Financing

September 8, 2026

U.S. Department of Health and Human Services
Office of Inspector General; Office of Audit Services, Region IV
61 Forsyth St. SW Ste. 3T41
Atlanta, GA 30303

Office of Inspector General:

Thank you for your June 11, 2026, correspondence regarding Report Number OAS-25-04-100, *Louisiana Made Unallowable Managed Care Capitation Payments on Behalf of Incarcerated Medicaid Enrollees*.

Louisiana Medicaid has reviewed the draft report and its recommendations.

Recommendation One: We recommend the State agency refund \$2,690,745 (Federal share) for estimated unallowable capitation payments made on behalf of incarcerated Medicaid enrollees.

Louisiana Medicaid response: Louisiana Medicaid concurs with this recommendation and is working internally to ensure the appropriate Federal share of unallowable capitation payments made on behalf of incarcerated Medicaid enrollees is returned. Beginning in July 2024, Louisiana Medicaid began using new data feeds and improved controls and processes for eligibility determinations, resulting in case closures for ineligible members and payment recoupments for those who are incarcerated.

Recommendation Two: We recommend that the State agency implement processes that consistently and promptly suspend Medicaid managed care enrollments upon receiving incarceration notifications.

Louisiana Medicaid response: Beginning in July 2024, the State agency implemented a monthly manual cross-check using Appriss data and Louisiana Department of Public Safety and Corrections data to improve accuracy. During the final months of the audit period, we identified no additional unallowable payments. This process of using both the Appriss data and Louisiana Department of Public Safety and Corrections data has been integrated into the state eligibility system, and the system runs automated checks to verify eligibility and proper capitation payments.

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Louisiana Medicaid will continue to utilize its automated recovery processes and work to ensure beneficiary incarceration information is accurately reflected in eligibility systems to support appropriate capitation payment administration.

Please let us know if any additional information is required.

Sincerely,

A handwritten signature in blue ink, appearing to read "Seth Gold", is written over a horizontal line.

Seth Gold

Medicaid Executive Director

Report Fraud, Waste, and Abuse

OIG Hotline Operations accepts tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement in HHS programs. Hotline tips are incredibly valuable, and we appreciate your efforts to help us stamp out fraud, waste, and abuse.



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Who Can Report?

Anyone who suspects fraud, waste, and abuse should report their concerns to the OIG Hotline. OIG addresses complaints about misconduct and mismanagement in HHS programs, fraudulent claims submitted to Federal health care programs such as Medicare, abuse or neglect in nursing homes, and many more. [Learn more about complaints OIG investigates.](#)

How Does It Help?

Every complaint helps OIG carry out its mission of overseeing HHS programs and protecting the individuals they serve. By reporting your concerns to the OIG Hotline, you help us safeguard taxpayer dollars and ensure the success of our oversight efforts.

Who Is Protected?

Anyone may request confidentiality. The Privacy Act, the Inspector General Act of 1978, and other applicable laws protect complainants. The Inspector General Act states that the Inspector General shall not disclose the identity of an HHS employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the investigation. By law, Federal employees may not take or threaten to take a personnel action because of [whistleblowing](#) or the exercise of a lawful appeal, complaint, or grievance right. Non-HHS employees who report allegations may also specifically request confidentiality.

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