

## Report in Brief

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Report No. A-02-15-01023

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

The Patient Protection and Affordable Care Act (ACA) gave States the option to expand Medicaid coverage to low-income adults without dependent children and established enhanced Federal reimbursement rates (Federal Medical Assistance Percentage, or FMAP) for services provided to beneficiaries enrolled through this group, known as the new adult group. Enhanced Federal reimbursement is defined as a payment made at a higher percentage than the State's standard FMAP rate. These higher FMAP rates raised concerns about States improperly enrolling individuals in the new adult group and the potential for improper payments.

Our objective was to determine whether New York correctly claimed an enhanced FMAP rate for Medicaid services provided to beneficiaries enrolled in the new adult group.

### How OIG Did This Review

Our review covered almost 1.4 million beneficiaries enrolled in the new adult group and for whom New York received enhanced Federal Medicaid reimbursement totaling \$3.2 billion (Federal share) for services paid during the period October 1, 2014, through March 31, 2015 (audit period). We reviewed a stratified random sample of 130 of these beneficiaries and determined whether New York properly enrolled beneficiaries in the new adult group.

## New York Incorrectly Claimed Enhanced Federal Medicaid Reimbursement for Some Beneficiaries

### What OIG Found

From our sample of 130 beneficiaries, New York correctly claimed enhanced Medicaid reimbursement for 111 beneficiaries. However, for the remaining 19 beneficiaries, New York incorrectly claimed enhanced reimbursement for 18 beneficiaries and did not provide sufficient documentation to verify that the remaining 2 beneficiaries were eligible for enhanced Medicaid reimbursement. The total exceeds 130 because 2 beneficiaries had multiple deficiencies. New York incorrectly enrolled beneficiaries in eligibility categories for which services were reimbursed at an enhanced FMAP rate despite case file documentation indicating that the beneficiaries should have been enrolled in a group for which services qualified under the standard FMAP or were not eligible for reimbursement. For these beneficiaries, New York failed to correctly apply Federal and State requirements or consider all available, relevant information when enrolling beneficiaries in the new adult group. In addition, staff did not comply with New York's approved verification plan when verifying Medicaid eligibility. Lastly, New York did not maintain documentation to support its determinations that beneficiaries were eligible for enhanced Medicaid reimbursement.

On the basis of our sample results, we estimated that New York incorrectly claimed enhanced Federal Medicaid reimbursement of \$116.9 million on behalf of 184,590 Medicaid beneficiaries enrolled in the new adult group during our 6-month audit period.

### What OIG Recommends and New York's Comments

We recommend that New York (1) redetermine, as appropriate, the current Medicaid coverage group of the sampled beneficiaries for whom services were incorrectly reimbursed at an enhanced FMAP rate; (2) ensure that it claims Medicaid reimbursement at the correct FMAP rate by taking the necessary steps to ensure that its staff considers all relevant documentation and Federal and State requirements during the enrollment process, which could have reduced or eliminated an estimated \$116.9 million in overpayments caused by eligibility errors over the 6-month audit period; and (3) maintain the necessary documentation to determine whether it enrolled individuals who did not meet Federal and State Medicaid eligibility requirements in the new adult group.

In written comments on our draft report, New York did not indicate concurrence or nonconcurrence with our recommendations but stated that it disagreed with our determinations related to four beneficiaries and provided, under separate cover, additional information related to these beneficiaries. After reviewing New York's comments and additional documentation, we revised our findings and a related recommendation. We maintain that our findings and recommendations, as revised, are valid.