

Report in Brief

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



Why OIG Did This Audit

The Affordable Care Act gave States the option of creating a Basic Health Program (BHP), a health benefits coverage program for low-income residents who would otherwise be eligible to purchase coverage through the Health Insurance Marketplace. To date, New York is one of only two States that have established BHPs. We audited New York's BHP because we considered program funds to be at risk due to the significant amount of Federal funds allocated to the initiative. New York's BHP is funded primarily by Federal funds with some State funding.

Our objective was to determine whether New York determined eligibility for BHP enrollees in accordance with applicable Federal and State eligibility requirements.

How OIG Did This Audit

Our audit covered eligibility determinations for 966,693 BHP policies for which New York received Federal funding totaling \$4.7 billion during the period April 1, 2018, through March 31, 2019 (audit period). We selected a stratified random sample of 150 policies. We reviewed eligibility data for each policy to determine whether eligibility verifications and determinations were performed in accordance with Federal and State requirements.

New York Generally Determined Eligibility for Its Basic Health Program Enrollees in Accordance With Program Requirements

What OIG Found

New York generally determined eligibility for its BHP enrollees in accordance with Federal and State requirements. Specifically, for 145 of 150 sampled policies, New York correctly determined that the associated enrollees were eligible for the program. However, for five sampled policies, New York enrolled individuals who were ineligible or potentially ineligible for the program and received improper monthly payments totaling \$8,615. Specifically, for three sampled policies, New York enrolled individuals who were eligible for Medicaid. For one sampled policy, New York did not properly verify income. For the remaining sampled policy, New York received BHP payments from the Centers for Medicare & Medicaid Services on behalf of a disenrolled deceased enrollee. According to New York, system defects prevented controls that were in place from working as intended.

On the basis of our sample results, we estimated that the financial impact of the incorrect or potentially incorrect eligibility determinations made by New York for its BHP during the audit period totaled \$69.9 million.

What OIG Recommends and New York's Comments

We recommend that New York reimburse its BHP Trust Fund \$8,615 associated with the improper monthly payments identified in our sample. In addition, we recommend that New York identify and reimburse the BHP Trust Fund all improper payments, which we estimate to total \$69.9 million, resulting from system defects identified in our report. We also made recommendations for New York to improve its system for enrolling individuals in its BHP.

In written comments on our draft report, New York stated that it would reimburse \$8,615 to the BHP Trust Fund and did not indicate concurrence or nonconcurrence with our remaining recommendations; however, it described actions it had taken or planned to take to address the deficiencies identified in the draft report. New York stated that we overstated the extent to which our findings were extrapolated. After reviewing New York's comments, we maintain that our findings and recommendations are valid. In addition, we acknowledge New York's efforts to identify system defects and limitations and its efforts to monitor and remediate such issues. We also maintain that our statistical approach resulted in a legally valid estimate of the improper and potentially improper payment amounts received by New York.