



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

JUL - 9 2008

Washington, D.C. 20201

**TO:** Kerry Weems  
Acting Administrator  
Centers for Medicare & Medicaid Services

**FROM:** Daniel R. Levinson  
Inspector General

A handwritten signature in cursive script that reads "Daniel R. Levinson".

**SUBJECT:** Medical Assistance Provided by Pennsylvania to Hurricane Katrina Evacuees  
(A-03-07-00210)

Attached is an advance copy of our final report on medical assistance provided by Pennsylvania to Hurricane Katrina evacuees. We will issue this report to the Pennsylvania Department of Public Welfare (the State agency) within 5 business days. This audit is one of a series of audits of medical assistance provided by host States to Hurricane Katrina evacuees.

Under section 1115 of the Social Security Act, the Centers for Medicare & Medicaid Services (CMS) approved Pennsylvania's request for Medicaid demonstration authority to provide the benefits included in its State plan to eligible Hurricane Katrina evacuees for a maximum of 5 months. CMS limited coverage to evacuees from specified counties and parishes in four States and required that Pennsylvania verify residency and other eligibility factors to the greatest extent possible. As of March 31, 2007, the State agency had claimed a total of \$1,398,777 for medical assistance services provided to evacuees from the home States of Alabama, Louisiana, and Mississippi.

The objective of our audit was to determine whether the State agency claimed reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related section 1115 demonstration project.

The State agency did not always claim reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related section 1115 demonstration project. Of the \$1,398,777 claimed, \$846,922 was allowable. However, the remaining \$551,855 was unallowable.

- The State agency claimed \$464,905 for services provided to 652 individuals after their 5-month eligibility periods had expired. The State agency had not correctly updated its eligibility database to reflect the expiration dates for evacuees.

- The State agency claimed \$82,340 that was not supported by actual recorded expenditures.
- The State agency claimed \$4,249 for services provided to one individual who did not meet eligibility requirements. Documentation showed that the individual was a resident of Pennsylvania at the time of Hurricane Katrina.
- The State agency claimed \$361 under the Medicaid fee-for-service program for one individual who was covered under the Medicaid managed care program at the time of the services.

We recommend that the State agency refund \$551,855 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Alabama, Louisiana, and Mississippi by our audit adjustment amounts.

In comments on our draft report, the State agency agreed with our recommendation. The State agency added, however, that it could still claim Federal financial participation (FFP) at the State's regular Medicaid rate for services provided to individuals after their Hurricane Katrina eligibility periods had expired. The State agency said that it would adjust its hurricane-related waiver claims by \$551,855 and increase its regular FFP claims by \$258,269.

This audit was conducted in conjunction with the President's Council on Integrity and Efficiency (PCIE) as part of its examination of relief efforts provided by the Federal Government in the aftermath of Hurricanes Katrina and Rita. As such, a copy of the report has been forwarded to the PCIE Homeland Security Working Group, which is coordinating Inspectors General reviews of this important subject.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact George M. Reeb, Assistant Inspector General for the Centers for Medicare & Medicaid Audits, at (410) 786-7104 or through e-mail at [George.Reeb@oig.hhs.gov](mailto:George.Reeb@oig.hhs.gov) or Stephen Virbitsky, Regional Inspector General for Audit Services, Region III, at (215) 861-4470 or through e-mail at [Stephen.Virbitsky@oig.hhs.gov](mailto:Stephen.Virbitsky@oig.hhs.gov). Please refer to report number A-03-07-00210.

Attachment



Office of Audit Services, Region III  
Public Ledger Building, Suite 316  
150 S. Independence Mall West  
Philadelphia, PA 19106-3499

JUL 14 2008

Report Number: A-03-07-00210

Mr. Theodore Dallas  
Executive Deputy Secretary  
Department of Public Welfare  
P.O. Box 2675  
Harrisburg, Pennsylvania 17105-2675

Dear Mr. Dallas:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Medical Assistance Provided by Pennsylvania to Hurricane Katrina Evacuees." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this 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.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (215) 861-4470, or contact Bernard Siegel, Audit Manager, at (215) 861-4484 or through e-mail at [Bernard.Siegel@oig.hhs.gov](mailto:Bernard.Siegel@oig.hhs.gov). Please refer to report number A-03-07-00210 in all correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Virbitsky", with a long horizontal line extending to the right.

Stephen Virbitsky  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

Ms. Jackie Garner  
Consortium Administrator  
Consortium for Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
Chicago, Illinois 60601

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**MEDICAL ASSISTANCE  
PROVIDED BY PENNSYLVANIA TO  
HURRICANE KATRINA EVACUEES**



Daniel R. Levinson  
Inspector General

July 2008  
A-03-07-00210

# *Office of Inspector General*

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

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

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

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

Section 1115 of the Act permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under section 1115, CMS approved Pennsylvania's request for Medicaid demonstration authority to provide the benefits included in its Medicaid State plan to eligible Hurricane Katrina evacuees for a maximum of 5 months ending no later than June 30, 2006. CMS limited coverage under the hurricane-related section 1115 demonstration project to evacuees from specified counties and parishes in four States affected by the hurricane. Although Pennsylvania was allowed to rely on evacuees' self-attestations of eligibility, it was required to verify residency and other eligibility factors to the greatest extent possible.

Pennsylvania claimed expenditures on behalf of evacuees on the quarterly Form CMS-64.9 Waiver, and CMS reimbursed Pennsylvania for the total amount claimed. Reimbursement consisted of the Federal Medicaid share applicable to the evacuee's home State and the non-Federal share authorized for Federal payment by section 6201 of the Deficit Reduction Act of 2005. As of March 31, 2007, the Pennsylvania Department of Public Welfare (the State agency) had claimed a total of \$1,398,777 for medical assistance services provided to evacuees from Alabama, Louisiana, and Mississippi.

### **OBJECTIVE**

The objective of our audit was to determine whether the State agency claimed reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related section 1115 demonstration project.

### **SUMMARY OF FINDINGS**

The State agency did not always claim reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related section 1115 demonstration project. Of the \$1,398,777 claimed, \$846,922 was allowable. However, the remaining \$551,855 was unallowable.

- The State agency claimed \$464,905 for services provided to 652 individuals after their 5-month eligibility periods had expired. The State agency had not correctly updated its eligibility database to reflect the expiration dates for evacuees.

- The State agency claimed \$82,340 that was not supported by actual recorded expenditures.
- The State agency claimed \$4,249 for services provided to one individual who did not meet eligibility requirements. Documentation showed that the individual was a resident of Pennsylvania at the time of Hurricane Katrina.
- The State agency claimed \$361 under the Medicaid fee-for-service program for one individual who was covered under the Medicaid managed care program at the time of the services.

## **RECOMMENDATION**

We recommend that the State agency refund \$551,855 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Alabama, Louisiana, and Mississippi by our audit adjustment amounts.

## **STATE AGENCY COMMENTS**

In comments on our draft report (Appendix B), the State agency concurred with our recommendation. The State agency added, however, that it could still claim Federal financial participation (FFP) at the State's regular Medicaid rate for services provided to individuals after their Hurricane Katrina eligibility periods had expired. The State agency said that it would adjust its hurricane-related waiver claims by \$551,855 and increase its regular FFP claims by \$258,269.

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTION</b> .....	1
<b>BACKGROUND</b> .....	1
Medicaid Program.....	1
Section 1115 Hurricane-Related Demonstrations.....	1
Pennsylvania’s Approved Hurricane-Related Section 1115 Demonstration Project .....	1
<b>OBJECTIVE, SCOPE, AND METHODOLOGY</b> .....	2
Objective.....	2
Scope.....	2
Methodology .....	3
<b>FINDINGS AND RECOMMENDATION</b> .....	3
<b>SECTION 1115 DEMONSTRATION AND OTHER REQUIREMENTS</b> .....	4
<b>UNALLOWABLE CLAIMS</b> .....	4
Expired Eligibility Periods.....	4
Lack of Documentation.....	5
Ineligible Applicant .....	5
Duplicate Coverage.....	5
<b>RECOMMENDATION</b> .....	5
<b>STATE AGENCY COMMENTS</b> .....	5
<b>APPENDIXES</b>	
A – AUDIT ADJUSTMENTS TO AMOUNTS CLAIMED BY PENNSYLVANIA	
B – STATE AGENCY COMMENTS	

## **INTRODUCTION**

### **BACKGROUND**

#### **Medicaid Program**

Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. 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 the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

The Federal Government pays its share of most types of medical assistance expenditures according to a formula defined in section 1905(b) of the Act. That share is based on the Federal medical assistance percentage for each State, which ranges from 50 to 83 percent.

#### **Section 1115 Hurricane-Related Demonstrations**

Section 1115 of the Act permits the Secretary to authorize demonstration projects to promote the objectives of the Medicaid program. Under section 1115, CMS may waive compliance with any of the requirements of section 1902 of the Act and provide Federal matching funds for demonstration expenditures that would not otherwise be included as expenditures under the Medicaid State plan.

In response to Hurricane Katrina, CMS announced that States could apply for section 1115 demonstration projects to ensure the continuity of health care services for hurricane victims. A State with an approved hurricane-related section 1115 demonstration project was eligible under section 6201(a)(1)(A)(i) of the Deficit Reduction Act of 2005 (DRA) for Federal payment of the non-Federal share of medical assistance costs for evacuees receiving medical assistance under Title XIX of the Act.

#### **Pennsylvania's Approved Hurricane-Related Section 1115 Demonstration Project**

In a letter dated March 6, 2006, CMS approved Pennsylvania's request for a hurricane-related section 1115 demonstration project. The letter and its attached Special Terms and Conditions authorized the Pennsylvania Department of Public Welfare (the State agency) to provide Medicaid coverage to Hurricane Katrina evacuees who were eligible for Medicaid in their home States but displaced by the hurricane and to expedite eligibility for new applicants who met simplified eligibility standards. The State agency could accept applications for eligibility for evacuee status from August 24 through December 31, 2005. Eligible evacuees could receive benefits for a maximum of 5 months ending no later than June 30, 2006.

CMS limited coverage under the hurricane-related section 1115 demonstration project to evacuees from specified counties and parishes in four States affected by the hurricane and to

specified individuals in the evacuee population. The State agency was required to ensure that it would verify, to the greatest extent possible, the circumstances of eligibility, residency, and other eligibility factors for each covered evacuee.

Under the hurricane-related section 1115 demonstration project, Pennsylvania, as the host State, provided Medicaid services to evacuees from the home States of Alabama, Louisiana, and Mississippi. The State agency claimed reimbursement for its expenditures on the quarterly Form CMS-64.9 Waiver, “Medical Assistance Expenditures by Type of Service for the Medical Assistance Program—Expenditures in This Quarter.” The State agency was required to submit a separate form for each home State and to show on the form the total expenditures and the Federal share of the expenditures, calculated using the Federal medical assistance percentage applicable to the home State. CMS reimbursed the State agency for the total expenditures, i.e., the Federal share under the Medicaid program and the non-Federal share authorized for Federal payment by section 6201 of the DRA.

As of March 31, 2007, the State agency had claimed a total of \$1,398,777 for medical assistance services provided to evacuees.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

The objective of our audit was to determine whether the State agency claimed reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related section 1115 demonstration project.

### **Scope**

Our review covered the \$1,398,777 that the State agency had claimed for Federal reimbursement as of March 31, 2007, and the 747 applicants who received medical assistance under the hurricane-related section 1115 demonstration. We reviewed the documentation that supported eligibility for a judgmental sample of 50 of the 747 applicants. Accordingly, we did not extrapolate our results to the total amount claimed.

We did not review the eligibility of the 233 applicants whom the State agency had identified as eligible for evacuee status under the hurricane-related section 1115 demonstration project but for whom no claims were submitted.

We limited our review of the State agency’s internal controls to procedures for approving evacuee applications and reporting expenditures on the quarterly Form CMS-64.9 Waiver. We did not verify that approved claims submitted by providers for evacuees included only those services covered by the State plan.

We performed fieldwork at the State agency in Harrisburg, Pennsylvania, in June 2007.

## Methodology

To accomplish our objective, we:

- reviewed applicable Federal laws, CMS's March 2006 approval letter, the Special Terms and Conditions, and CMS guidance;
- reviewed the State agency's controls for ensuring that claims paid for Katrina evacuees were in accordance with requirements of the hurricane-related section 1115 demonstration project;
- compared the State agency's Hurricane Katrina-related paid claim database, for all 747 applicants who received medical assistance, with its eligibility database to determine whether claims were submitted only for applicants identified as eligible by the State agency, paid for services provided during the applicants' 5-month eligibility periods, not paid more than once, and limited to services provided on or before June 30, 2006; and
- reviewed the Form CMS-64.9 Waiver reports to determine whether the expenditures claimed agreed with the State agency's paid claim database.

We judgmentally sampled 50 of the 285 applicants who received medical assistance in Philadelphia County. The 285 applicants accounted for 38 percent of the applicants who received medical assistance in Pennsylvania. We reviewed available documentation, including Medicaid applications, to determine whether the documentation showed that the 50 selected applicants were from an emergency area and were otherwise eligible to access Medicaid services under the hurricane-related section 1115 demonstration project. Specifically, we reviewed caseworkers' notes and other documentation identifying income levels; medical assistance coverage in the home States; immigration status; and additional current needs, including general assistance and food stamps, based on evacuee status.

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 objective.

## FINDINGS AND RECOMMENDATION

The State agency did not always claim reimbursement for services provided to Hurricane Katrina evacuees in accordance with its approved hurricane-related section 1115 demonstration project. Of the \$1,398,777 claimed, \$846,922 was allowable. However, the remaining \$551,855 was unallowable.

- The State agency claimed \$464,905 for services provided to 652 individuals after their 5-month eligibility periods had expired. The State agency had not correctly updated its eligibility database to reflect the expiration dates for evacuees.

- The State agency claimed \$82,340 that was not supported by actual recorded expenditures.
- The State agency claimed \$4,249 for services provided to one individual who did not meet eligibility requirements. Documentation showed that the individual was a resident of Pennsylvania at the time of Hurricane Katrina.
- The State agency claimed \$361 under the Medicaid fee-for-service program for one individual who was covered under the Medicaid managed care program at the time of the services.

See Appendix A for details, including the allocation of costs between Federal Medicaid funding and Federal funding provided pursuant to the DRA.

## **SECTION 1115 DEMONSTRATION AND OTHER REQUIREMENTS**

The Special Terms and Conditions attached to CMS’s March 2006 approval letter limited coverage under the hurricane-related section 1115 demonstration project to evacuees from specified counties and parishes in the emergency areas of Alabama, Florida, Louisiana, and Mississippi. The eligible evacuee population was defined as parents, pregnant women, children under age 19, individuals with disabilities, low-income Medicare recipients, and low-income individuals in need of long-term care with incomes up to and including specified levels. Evacuees who met these requirements were eligible to receive up to 5 months of benefits ending no later than June 30, 2006. The State agency could accept applications for eligibility for evacuee status from August 24 through December 31, 2005.

The Special Terms and Conditions allowed the State agency to rely on evacuees’ “self-attestation of displacement, income, and immigration status, but evacuees must be required to cooperate in demonstrating evacuee and eligibility status.” The Special Terms and Conditions also required that the State agency, “to the greatest extent possible, (1) verify circumstances of eligibility, (2) verify residency and citizenship of the evacuees, and (3) prevent fraud and abuse . . . . Additionally, there is a reciprocal obligation for Home/Host States in obtaining necessary information to determine eligibility . . . .”

Section 2497.1 of CMS’s “State Medicaid Manual,” Pub. 45, provides that “expenditures are allowable only to the extent that, when a claim is filed, you have adequate supporting documentation in readily reviewable form to assure that all applicable Federal requirements have been met.” Form CMS-64 requires certification that “. . . [t]he expenditures included in this report are based on the state’s accounting of actual recorded expenditures, and are not based on estimates . . . .”

## **UNALLOWABLE CLAIMS**

### **Expired Eligibility Periods**

The State agency claimed a total of \$464,905 for services provided to 652 individuals after their 5-month eligibility periods had expired. State agency officials informed us that they had not

correctly updated the State eligibility database to reflect the eligibility expiration dates for Hurricane Katrina evacuees.

### **Lack of Documentation**

The State agency claimed \$82,340 for which it could not provide supporting documentation of actual expenditures. The State agency's claims totaled \$1,398,777, but its paid claim database, which shows actual recorded expenditures, supported claims totaling only \$1,316,437, a difference of \$82,340.

### **Ineligible Applicant**

The State agency claimed \$4,249 for services provided to one individual who did not meet the displacement requirements of the hurricane-related section 1115 demonstration project. Applications and other documentation showed that the individual was a resident of Pennsylvania who applied and was approved for medical assistance on June 30, 2005. The individual moved to Mississippi on October 2, 2005, after Hurricane Katrina, and returned to Pennsylvania and reapplied for medical assistance on November 10, 2005. Thus, the individual was not "displaced from his or her home by the emergency" as required.

### **Duplicate Coverage**

The State agency claimed \$361 under the Medicaid fee-for-service program for services provided to one individual who was covered under the Medicaid managed care program when the services were provided. The State agency initially enrolled eligible evacuees in the fee-for-service program but subsequently transitioned evacuees to the managed care program. The State agency confirmed that it should not have claimed fee-for-service reimbursement because it had already claimed reimbursement under the managed care program.

## **RECOMMENDATION**

We recommend that the State agency refund \$551,855 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Alabama, Louisiana, and Mississippi by our audit adjustment amounts.

## **STATE AGENCY COMMENTS**

In comments on our draft report, the State agency concurred with our recommendation. The State agency added, however, that it could still claim Federal financial participation (FFP) at the State's regular Medicaid rate for services provided to individuals after their Hurricane Katrina eligibility periods had expired. The State agency said that it would adjust its hurricane-related waiver claims by \$551,855 and increase its regular FFP claims by \$258,269.

The State agency's comments are included as Appendix B.

# **APPENDIXES**

## AUDIT ADJUSTMENTS TO AMOUNTS CLAIMED BY PENNSYLVANIA

<b>Alabama Evacuees</b>			
	<b>Total</b>	<b>Federal Medicaid Share</b>	<b>Federal DRA Funding<sup>1</sup></b>
Amount claimed	<b>\$35,795</b>	<b>\$24,902</b>	<b>\$10,893</b>
Audit adjustments:			
Expired eligibility periods	(8,265)	(5,745)	(2,520)
Lack of documentation	(9,165)	(6,389)	(2,776)
Total audit adjustments	(17,430)	(12,134)	(5,296)
<b>Corrected amount</b>	<b>\$18,365</b>	<b>\$12,768</b>	<b>\$5,597</b>
<b>Louisiana Evacuees</b>			
	<b>Total</b>	<b>Federal Medicaid Share</b>	<b>Federal DRA Funding</b>
Amount claimed	<b>\$1,134,401</b>	<b>\$791,842</b>	<b>\$342,559</b>
Audit adjustments:			
Expired eligibility periods	(372,819)	(260,184)	(112,635)
Lack of documentation	(65,919)	(46,147)	(19,772)
Duplicate coverage	(361)	(252)	(109)
Total audit adjustments	(439,099)	(306,583)	(132,516)
<b>Corrected amount</b>	<b>\$695,302</b>	<b>\$485,259</b>	<b>\$210,043</b>
<b>Mississippi Evacuees</b>			
	<b>Total</b>	<b>Federal Medicaid Share</b>	<b>Federal DRA Funding</b>
Amount claimed	<b>\$228,581</b>	<b>\$173,762</b>	<b>\$54,819</b>
Audit adjustments:			
Expired eligibility periods	(83,821)	(63,704)	(20,117)
Lack of documentation	(7,256)	(5,551)	(1,705)
Ineligible applicant	(4,249)	(3,232)	(1,017)
Total audit adjustments	(95,326)	(72,487)	(22,839)
<b>Corrected amount</b>	<b>\$133,255</b>	<b>\$101,275</b>	<b>\$31,980</b>

<sup>1</sup>DRA = Deficit Reduction Act of 2005.

<b>All Evacuees</b>			
	<b>Total</b>	<b>Federal Medicaid Share</b>	<b>Federal DRA Funding</b>
Amount claimed	<b>\$1,398,777</b>	<b>\$990,506</b>	<b>\$408,271</b>
Audit adjustments:			
Expired eligibility periods	(464,905)	(329,633)	(135,272)
Lack of documentation	(82,340)	(58,087)	(24,253)
Ineligible applicant	(4,249)	(3,232)	(1,017)
Duplicate coverage	(361)	(252)	(109)
Total audit adjustments	(551,855)	(391,204)	(160,651)
<b>Corrected amount</b>	<b>\$846,922</b>	<b>\$599,302</b>	<b>\$247,620</b>



COMMONWEALTH OF PENNSYLVANIA  
**DEPARTMENT OF PUBLIC WELFARE**  
P.O. BOX 2675  
HARRISBURG, PENNSYLVANIA 17105-2675

MAY 13 2008

Theodore Dallas  
Executive Deputy Secretary

(717) 787-2600  
Email: tdallas@state.pa.us

Mr. Stephen Virbitsky  
Regional Inspector General for Audit Services  
Department of Health & Human Services  
Office of Inspector General  
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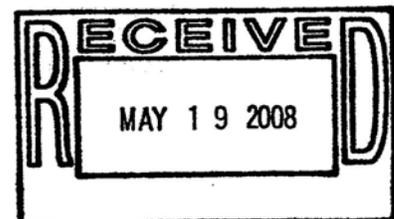
Dear Mr. Virbitsky:

Thank you for your March 18 letter that transmitted the draft report entitled "Medical Assistance Provided by Pennsylvania to Hurricane Katrina Evacuees" for the five month period ending June 30, 2006.

The Commonwealth of Pennsylvania, Department of Public Welfare (DPW), submitted a waiver to the State Plan for Medical Assistance (MA) to include payments for services to Hurricane Katrina Evacuees. This waiver allowed for evacuees to receive MA benefits up to five months following the evacuation of Hurricane Katrina victims. The objective of the audit was to determine if DPW claimed reimbursement for services provided to the evacuees in accordance with this approved waiver under Section 1115 of the Social Security Act. In total, DPW claimed \$1,398,777 for Katrina evacuees, which included the Federal Medicaid share and the non-Federal share applicable to the evacuee's home state.

**Recommendation:** We recommend that the State agency refund \$551,855 in unallowable reimbursement and revise its Form CMS-64.9 Waiver reports for Alabama, Louisiana, and Mississippi by our audit adjustment amounts.

**DPW Response:** The DPW, Office of MA Programs concurs with this finding; however, of the \$464,905 that was claimed for services provided after the five month eligibility period had passed, the DPW is still able to claim regular Federal Financial Participation (FFP) at Pennsylvania's rate. Therefore, DPW plans to adjust the Katrina Waiver claims by \$551,855 total. However, DPW will increase regular FFP claims by \$258,269.

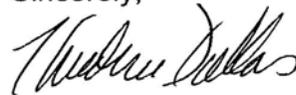


Mr. Stephen Virbitsky

-2-

Thank you for the opportunity to respond to this report. If you need any further information, please contact Maranatha E. Earling, Bureau of Financial Operations, Audit Resolution Section, at (717) 772-4911, or via e-mail at [mearling@state.pa.us](mailto:mearling@state.pa.us).

Sincerely,

A handwritten signature in black ink, appearing to read "Theodore Dallas". The signature is written in a cursive, flowing style.

Theodore Dallas