Why OIG Did This Audit
Virginia pays Medicaid managed care organizations (MCOs) to make services available to Medicaid enrollees in return for a monthly fixed payment for each enrollee (capitation payment). Previous OIG audits found that State Medicaid agencies had improperly paid capitation payments on behalf of deceased enrollees. We conducted a similar audit of Virginia.

Our objective was to determine whether Virginia made capitation payments to MCOs on behalf of deceased Medicaid enrollees.

How OIG Did This Audit
Our audit covered 58,351 capitation payments totaling over $70.8 million that Virginia made to MCOs and claimed for Federal reimbursement during calendar years 2019 through 2021 (audit period) on behalf of 12,054 enrollees whose dates of death, as recorded in one or more of the data sources we consulted, preceded the monthly service periods covered by the capitation payments.

We selected and reviewed a stratified random sample of 100 capitation payments totaling $319,525 ($195,219 Federal share) from those 58,351 capitation payments.

Virginia Made Capitation Payments to Medicaid Managed Care Organizations After Enrollees’ Deaths

What OIG Found
The State agency made unallowable capitation payments after enrollees’ deaths. For 67 of the 100 capitation payments in our sample, Virginia made unallowable capitation payments totaling $76,939 ($51,062 Federal share). For 30 of the remaining capitation payments in our sample, Virginia adjusted the capitation payments before our audit. We could not fully confirm that the remaining 3 enrollees associated with 3 of the 100 capitation payments were deceased.

Based on our sample results, we estimated that Virginia made unallowable capitation payments totaling at least $21.8 million ($15.7 million Federal share) to MCOs on behalf of 12,054 deceased enrollees during our audit period.

Virginia made unallowable capitation payments on behalf of deceased enrollees because it did not have adequate controls in place to enable it to identify all deceased enrollees and properly cancel their enrollment.

What OIG Recommends and Virginia Comments
We recommend that Virginia: (1) refund $15.7 million to the Federal Government; (2) identify and recover unallowable capitation payments, which we estimate to be at least $21.8 million, made to MCOs during our audit period on behalf of deceased enrollees; and (3) identify and recover unallowable capitation payments made on behalf of deceased enrollees in 2018 and 2022 and repay the Federal share of amounts recovered. We also recommended that Virginia continue to pursue development and implementation of an automated matching and eligibility update process and implement additional supervisory review. The full recommendations are in the report.

In written comments on our draft report, Virginia did not specifically indicate whether it concurred with our recommendations, but it provided information about actions it has taken or plans to take to address them. These actions include reconciling data, implementing supervisory review, closing enrollments, and recouping funds.

The full report can be found at https://oig.hhs.gov/oas/reports/region3/32200203.asp.