Kentucky Did Not Always Perform Medicaid Eligibility Determinations for Non-Newly Eligible Beneficiaries in Accordance With Federal and State Requirements

What OIG Found
Kentucky did not always determine Medicaid eligibility in accordance with Federal and State requirements. For our sample of 120 beneficiaries, Kentucky correctly determined eligibility for 113 beneficiaries, but it did not meet Federal and State requirements for eligibility determinations of 7 beneficiaries. Specifically, Kentucky did not always maintain documentation supporting that it electronically or manually verified citizenship. In addition, although it did not violate an eligibility requirement, Kentucky did not perform or did not maintain documentation of identity-proofing for 13 beneficiaries in accordance with Federal requirements. The Federal identity-proofing requirements are intended to reduce the potential for identity theft.

Kentucky did not always meet Federal and State requirements when making eligibility determinations because of human and system errors.

On the basis of our sample, we estimated that during our 6-month audit period, approximately 8 percent of non-newly eligible beneficiaries in Kentucky were potentially ineligible, and approximately 3 percent of Federal payments were made to those beneficiaries. As a result, we estimated that Kentucky made Federal Medicaid payments on behalf of 69,931 potentially ineligible beneficiaries totaling $72.8 million. We did not include the identity-proofing errors in our estimate of potentially ineligible beneficiaries and payments, but we are highlighting the potential for identity theft if Kentucky does not correct these errors.

What OIG Recommends and Kentucky’s Comments
We recommend that Kentucky maintain documentation that shows that it verified an applicant’s citizenship and identity.

In its written comments on our draft report, Kentucky agreed with our recommendations and described actions it had taken to address them.