

Report in Brief

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



Why OIG Did This Review

The Patient Protection and Affordable Care Act (ACA) mandated changes to Medicaid eligibility rules, such as calculating income based on Modified Adjusted Gross Income. These changes, along with intense public interest in the ACA, led to significantly increased Medicaid applications based on existing eligibility categories. We conducted this audit to address the concern that State agencies might have difficulty accurately determining Medicaid eligibility in these non-newly eligible categories in this challenging environment. We separately reviewed eligibility determinations based on a newly eligible Medicaid expansion category in a previous audit.

Our objective was to verify whether Kentucky met Federal and State requirements when determining Medicaid eligibility for services provided to non-newly eligible Medicaid beneficiaries from October 2014 through March 2015.

How OIG Did This Review

We reviewed a stratified random sample of 120 Medicaid beneficiaries who received Medicaid-covered services from October 2014 through March 2015. We reviewed supporting documentation to evaluate whether Kentucky determined the applicants' eligibility in accordance with Federal and State requirements. We did not determine whether beneficiaries were eligible or ineligible for Medicaid.

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.