

Report in Brief

Date: July 2020

Report No. A-04-19-06223

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



Why OIG Did This Audit

New York pays managed care organizations (MCOs) to make services available to enrolled Medicaid beneficiaries in return for a monthly fixed payment for each enrolled beneficiary (capitation payments). The New York Medicaid Assistance Program (New York Medicaid) is the second largest Medicaid program in the Nation. New York Medicaid provides health coverage to almost 6.2 million of New York's residents. Approximately 80 percent of the New York Medicaid population is enrolled in managed care.

Previous Office of Inspector General (OIG) audits found that State Medicaid agencies had improperly made capitation payments on behalf of deceased beneficiaries. We conducted this audit of New York, which administers New York Medicaid, to determine whether the issue we identified in other States also exists in New York.

Our objective was to determine whether New York made capitation payments on behalf of deceased beneficiaries.

How OIG Did This Audit

Our audit covered 20,824 Medicaid capitation payments, totaling \$28.6 million (\$17.3 million Federal share), made on behalf of beneficiaries whose dates of death preceded the payment dates. We reviewed capitation payments that New York made from July 1, 2014, through December 31, 2018 (audit period). We selected a stratified random sample of 100 capitation payments totaling \$1.3 million (\$825,219 Federal share) for review. Using the results of our sample, we estimated the total value and Federal share of the unallowable capitation payments.

The New York State Medicaid Agency Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths

What OIG Found

New York made capitation payments after beneficiaries' deaths. Based on New York and Social Security Administration data available to us, we could not fully confirm that 2 beneficiaries associated with 4 of the 100 capitation payments were deceased. In addition, New York adjusted 12 capitation payments before our audit. For the remaining 84 payments, New York made unallowable payments totaling \$269,473 (\$143,643 Federal share).

The unallowable payments occurred because New York did not: (1) have system edits to identify errors in the automated process that terminates beneficiaries' eligibility after dates of death were identified; (2) update the eligibility and payment systems with correct dates of death; (3) identify as deceased and disenroll beneficiaries that had a date of death in one of its death data sources; or (4) use additional sources of death information and alternative procedures similar to those that we used in our audit to identify, verify, or determine dates of death.

On the basis of our sample results, we estimated that New York made payments to MCOs on behalf of deceased beneficiaries totaling at least \$23.3 million (\$13.7 million Federal share) during our audit period.

What OIG Recommends and New York Response

We recommend that New York: (1) refund the \$13.7 million to the Federal Government and (2) identify and recover unallowable payments made to MCOs during our audit period on behalf of deceased beneficiaries, which we estimate to be at least \$23.3 million. We also made other procedural and administrative recommendations.

New York did not specifically indicate that it concurred with our findings and recommendations. Regarding our first recommendation, New York said that it has refunded to the Federal Government more than \$10 million of the approximately \$14 million in unallowable payments. For our second recommendation, New York said that it has recovered over \$19 million of the \$23 million of unallowable payments identified.

In addition, New York described actions that it has taken or plans to take to address our remaining recommendations.