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.

The full report can be found at https://oig.hhs.gov/oas/reports/region4/41906223.asp