Kentucky Made Almost $2 Million in Unallowable Capitation Payments for Beneficiaries With Multiple Medicaid ID Numbers

What OIG Found

Kentucky made unallowable capitation payments on behalf of beneficiaries with multiple Medicaid ID numbers. Of the 100 beneficiary matches in our sample, Kentucky correctly made capitation payments on behalf of 3. However, it incorrectly made capitation payments that totaled $455,296 ($323,126 Federal share) on behalf of the remaining 97.

The unallowable capitation payments occurred because the beneficiaries had multiple Medicaid ID numbers. According to Kentucky, the beneficiaries had multiple ID numbers because either the beneficiaries themselves or the caseworkers entered demographic data incorrectly during the application process.

On the basis of our sample results, we estimated that Kentucky made unallowable capitation payments totaling at approximately $2.7 million ($1.9 million Federal share) on behalf of beneficiaries with multiple Medicaid ID numbers during our audit period.

What OIG Recommends and Kentucky Comments

We recommend that Kentucky: (1) refund to the Federal Government approximately $1.9 million (Federal share) in unallowable payments, (2) review capitation payments that fell outside of our audit period and refund any unallowable payments, and (3) enhance or establish new controls to ensure that no beneficiary is issued multiple Medicaid ID numbers.

In written comments on our draft report, Kentucky agreed with our findings but disagreed with refunding the extrapolated amount. It said that it was conducting its own audit of the entire population of payments made during our audit period. In addition, Kentucky described the corrective actions that it plans to take to address our recommendations.

After reviewing Kentucky’s comments, we maintain that it should refund the extrapolated amount of approximately $1.9 million (Federal share).

The full report can be found at https://oig.hhs.gov/oas/reports/region4/42007094.asp.