

## Report in Brief

Date: December 2021

Report No. A-04-20-07094

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



### Why OIG Did This Audit

Previous Office of Inspector General audits identified Federal Medicaid reimbursement for managed care payments that were not claimed in compliance with Federal requirements. Specifically, some beneficiaries enrolled in Medicaid managed care had more than one Medicaid identification (ID) number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these beneficiaries.

Our objective was to determine whether the Kentucky Cabinet for Health and Family Services (Kentucky) made unallowable capitation payments on behalf of beneficiaries with multiple Medicaid ID numbers.

### How OIG Did This Audit

Our audit covered approximately \$6.97 million (\$4.94 million Federal share) in Medicaid capitation payments Kentucky made to MCOs from July 1, 2015, through June 30, 2019, for the 1,634 beneficiary matches that we identified. We selected and reviewed a stratified random sample of 100 of these beneficiary matches.

## 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).