Why OIG Did This Audit
HHS-OIG has identified effectively administering the Medicaid program to improve oversight and address high improper payments as a top management challenge facing the HHS.

Fourteen previous OIG audits found that State Medicaid agencies had improperly made capitation payments to managed care organizations (MCOs) on behalf of deceased enrollees.

Our objective was to summarize the results of our previous audits of Medicaid capitation payments that States made to MCOs on behalf of deceased enrollees. In addition, we sought to identify steps that CMS could take to reduce these unallowable payments.

How OIG Did This Audit
Our prior 14 audits covered 450,562 Medicaid capitation payments totaling $318,167,200 that States made to MCOs on behalf of deceased enrollees during audit periods ranging from July 1, 2009, through December 31, 2019. We used statistical sampling and data analytics to select 50,292 Medicaid capitation payments totaling $16,270,039 for review. To identify steps that CMS could take to improve its Medicaid oversight, we interviewed CMS officials and assessed its internal controls related to its resolution of the audit findings as well as its internal controls specific to ensuring that States are sufficiently preventing Medicaid capitation payments from being made to MCOs on behalf of deceased enrollees.

Multiple States Made Medicaid Capitation Payments to Managed Care Organizations After Enrollees’ Deaths

What OIG Found
In our previous audits of 14 States, we identified more than $249 million ($172 million Federal share) in unallowable Medicaid capitation payments that the States made to MCOs on behalf of deceased enrollees. These unallowable payments occurred for various reasons. CMS concurred with all of our recommendations made to the States in our prior audit reports and has ensured that actions have been taken on most of our recommendations.

In this audit, we identified additional actions CMS could take to help States that continue to make improper capitation payments to MCOs on behalf of deceased enrollees. Specifically, CMS could develop a process to routinely match Transformed Medicaid Statistical Information System (T-MSIS) enrollment data against the Social Security Administration’s (SSA’s) Death Master File (DMF) data to determine States that are at a high risk of making improper payments to MCOs on behalf of deceased enrollees. CMS could then provide the results of the data match to high-risk States for further verification of whether improper payments were made, and those States could use the results of the data match review to develop corrective actions and improve controls to detect and prevent such payments.

What OIG Recommends and CMS Comments
We recommend that CMS take the following steps: (1) collect the outstanding unallowable payments totaling the estimated $41,003,804 we previously identified, (2) ensure that States complete actions on our remaining recommendations to address the internal control weaknesses we identified, and (3) continue to explore opportunities for using T-MSIS and SSA’s DMF data to improve its oversight of the Medicaid program. Specifically, CMS should develop a process to match enrollment and payment information in T-MSIS with the DMF and provide the results of that match to States to help reduce Medicaid capitation payments made to MCOs on behalf of deceased enrollees.

CMS neither concurred nor nonconcurred with our first and second recommendations, and it did not concur with our third recommendation. For our first two recommendations, CMS stated it has worked closely with States to ensure that our recommendations are implemented and requested that we update our third recommendation, as CMS contends that adding a new process could prove redundant, inefficient, and confusing to States. After reviewing CMS’s comments, we maintain that our recommendations are valid.

The full report can be found at https://oig.hhs.gov/oas/reports/region4/42109005.asp.