



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

March 4, 2004

Report Number A-05-03-00032

Michael L. Stauffer, Deputy Secretary for Administration
Commonwealth of Pennsylvania
Department of Public Welfare
Office of Administration
Health and Welfare Buildings, Room 234
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

Dear Mr. Stauffer:

Enclosed are two copies of the U.S. Department of Health and Human Services, Office of Inspector General's final report entitled "Audit of Payments for Medicaid Services to Deceased Recipients" for the period October 1, 1998 through September 30, 2001.

A copy of this report will be forwarded to the action official noted below for his/her review and any action deemed necessary.

Final determination as to actions taken on all matters will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

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To facilitate identification, please refer to report number A-05-03-00032 in all correspondence relating to this report.

Sincerely,

Paul Swanson
Regional Inspector General
for Audit Services

Enclosures – as stated

Direct Reply to HHS Action Official:

Associate Regional Administrator
Centers for Medicare and Medicaid Services, Region III
Division of Medicaid and State Operations
150 S. Independence Mall West, Suite 218 C
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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**AUDIT OF PAYMENTS FOR
MEDICAID SERVICES TO
DECEASED RECIPIENTS**

**OCTOBER 1, 1998 THROUGH
SEPTEMBER 30, 2001**

**PENNSYLVANIA DEPARTMENT
OF PUBLIC WELFARE**



**March 2004
A-05-03-00032**

Office of Inspector General

<http://oig.hhs.gov>

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The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



EXECUTIVE SUMMARY

OBJECTIVE

The objective of our review was to determine the amount of Medicaid overpayments resulting from payments to providers for medical services provided after the recipients' death.

FINDING

The Pennsylvania Department of Public Welfare (State agency) did not identify all of the payments to providers for medical services provided after the recipients' death. In a statistical sample of 200 paid claims, we found 111 payments (55 percent), amounting to \$19,154, that were for services provided to Medicaid recipients after their deaths. Based on the results of a statistical sample, we estimate that unrecovered, unallowable payments were approximately \$1.5 million (Federal share \$800,000). The State agency's data matching procedures failed to identify these claims for deceased recipients and, consequently, unallowable payments were made to providers. We determined that death certificates for recipients associated with 96 unallowable payments were on file at the Pennsylvania Bureau of Vital Records and confirmed the deaths of two additional recipients through contacts of agencies in other States. Other data files supported the deaths of additional recipients associated with 13 unallowable payments.

RECOMMENDATIONS

We recommend that the State agency:

- Recover non-managed care payments from the specifically identified overpayments of \$19,154 (Federal share \$10,314) for Medicaid services after the recipients' death.
- Identify and recover non-managed care payments from the projected overpayments of approximately \$1.5 million (Federal share \$800,000) for Medicaid services after the recipients' death.
- Ensure that methods of data matching consider all sources for identifying Medicaid recipients who have died and that recoveries of unallowable payments are initiated in a timely manner.

STATE AGENCY COMMENTS

Pennsylvania's comments are summarized at the end of the "Findings and Recommendations" section of the report and are presented in their entirety as Appendix B.

Pennsylvania acknowledged that deficiencies existed in the identification of deceased recipients and recovery of overpayments. They state that enhancements have been made in the process of identifying deceased recipients and that more frequent reconciliations of data are currently being performed. The State does not agree with the recommendation to identify and refund additional overpayments. They believe there would be limited success in identifying the overpayments and that the current enhancements have eliminated the reported problems.

OFFICE OF INSPECTOR GENERAL RESPONSE

The enhancements to the process of identifying deceased recipients and the more frequent reconciliation of data should improve the identification and recovery of overpayments. Although the State cannot recover managed care payments after 18 months, the overpayments associated with fee-for-service payments can be recovered. We continue to believe the review for additional overpayments is justified and should be performed by the State agency.

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INTRODUCTION

BACKGROUND

The Medicaid program is jointly administered by the Federal Government through the Centers for Medicare & Medicaid Services (CMS) and by the states through their designated state agency. During fiscal year 2000, Federal and State spending for Medicaid services in Pennsylvania totaled \$10.4 billion. Since more than two million people die in the United States each year, specific action to identify and delete these individuals from Medicaid eligibility files is required.

Since all reported deaths are routinely added to the Social Security Administration's (SSA) death files, which represent the most complete death records in the Federal Government, we used these files to assess the adequacy of the State's Medicaid death matching process. These death records contain information on any person with a social security number. The SSA develops its data file from death certificate information purchased from state governments and from death notifications received from funeral homes, friends, and family and uses the information to stop social security payments to people reported to be deceased. This information is available to State and Federal agencies to help prevent payments for services provided after death.

In Pennsylvania, the State agency obtains a data file listing deceased individuals from the Bureau of Vital Records. Each month the data file is matched to a State agency file containing data on eligible Medicaid recipients. Since the files were matched on an annual basis prior to February 2001, payment for services after a recipient's death could have occurred. Currently, eligibility files are matched with SSA death files on a weekly basis to determine if Medicaid eligible individuals have died. Overpayments associated with deceased individuals are automatically adjusted through the State's claims processing system.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective. The objective of our audit was to determine the amount of Medicaid overpayments resulting from payments to providers for medical services provided after the recipients' death.

Scope. For the period October 1, 1998 through September 30, 2001, we matched Medicaid recipient names, social security numbers and birth dates to corresponding data for deceased individuals from the SSA death files. For Medicaid eligible recipients identified as deceased, we determined the amounts paid for services provided in the month after their deaths through December 31, 2001. We identified 15,661 paid claims, totaling \$3.2 million, and reviewed a statistical sample of 200 claims representing medical service payments of approximately \$54,000. Details of our sampling methodology are presented in Appendix A.

We did not review the overall internal control structure of the State agency's Medicaid program. Our internal control review was limited to obtaining an understanding of its procedures to identify payments for services to deceased individuals and to recover the overpayments.

Methodology. For each of the 200 claims, we initially determined whether the State agency had made recoveries. If not, we reviewed the claim to establish that it was a payment for services provided after the death of the recipient. We used the State agency's Medicaid Management Information System (MMIS) data to verify that the individuals listed in the SSA death files were, in fact, the individuals for whom the payments were made. We confirmed dates of death with death certificate data provided by the Bureau of Vital Records. We also verified dates of death using Medicare common working file data and eligibility data provided by the State's Office of Income Maintenance.

We performed our audit work at the State agency's offices in Harrisburg, Pennsylvania. The fieldwork was conducted from January 2003 through July 2003.

Our audit was conducted in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The State agency did not identify and adjust all payments to providers for medical services provided after the recipients' death. In a statistical sample of 200 paid claims, we found 111 payments (55 percent), amounting to \$19,154, that were for services provided to Medicaid recipients after their deaths. These payments were made even though the recipients had death certificates on file at the Pennsylvania Bureau of Vital Records or recipient deaths were confirmed using other available data files.

The following table summarizes the results of our review of 200 claims.

Disposition	Claims #	Result of review
Not Adjusted - Overpayment	98	Deceased - Death certificate verification
Not Adjusted - Overpayment	13	Deceased - Other verification
Adjusted - No overpayment	37	Deceased - Identified by State/Recovered
Adjustment not required	42	Not deceased - Error in MMIS or SSA data
Adjustment not required	5	Not deceased - No verification of death
Adjustment not required	5	Not deceased - Purged from initial match

The State agency appropriately identified and adjusted 37 claims for services provided after the death of the Medicaid recipient. No adjustments were needed for the 52 claims associated with recipients who were not deceased. As a result, we estimate that unrecovered, unallowable payments amounted to approximately \$1.5 million (Federal share \$800,000). The State agency should identify and recover overpayments for Medicaid services provided after the recipients' death.

We attribute these unadjusted overpayments to the frequency and accuracy of data matches performed by the State agency. Prior to February 2001, the State agency performed annual matches of the Bureau of Vital Records listing of deceased individuals to the State agency file containing Medicaid eligibility data. We also identified individuals receiving payments for services after their death even though they were classified as deceased in the State's eligibility files. However, we believe that the current system of monthly matches with Vital Records data and the weekly matches with SSA death data should significantly reduce the number of unidentified overpayments.

CRITERIA

The Code of Federal Regulations Title 42, Part 433 states that an overpayment is the amount paid by a Medicaid agency to a provider that is in excess of the amount that is allowable for furnished services. Eligible services cannot be provided after the Medicaid recipient's death.

FINDINGS

Claims Paid for Services After Death

From the 200 claims selected in our sample, we identified 111 claims, with payments amounting to \$19,154, for services after the recipients' death. The recipient's death was confirmed by either a death certificate on file, contacts with agencies in other states, or death information recorded in other available data files. The overpayments were not adjusted.

Dates of death for individuals associated with 98 overpayments were verified through death certificates. Death certificates or certificate numbers were filed at the Pennsylvania Bureau of Vital Records for recipients associated with 96 overpayments. In addition, we obtained the death certificate for an individual, who died in West Virginia, and confirmed the date of death for an individual, who died in Alabama.

Federal data files contained information supporting the death status of recipients associated with 13 additional unallowable payments. Since these claims did not have a death certificate on file, we performed additional audit work to substantiate the death of the recipient. Our review of Medicaid client information screen records, Medicare records, and SSA master beneficiary records confirmed that recipients associated with 13 claims were deceased. We verified that 10 of the 13 recipients had dates of death that agreed with documentation in the State's client information system. The Medicare common working files contained information substantiating 11 dates of death, including the 3 not supported by the State's records. Our review of the SSA master beneficiary record printouts showed that none of the 13 recipients were currently receiving Social Security benefits.

Although State agency officials indicated that matches were performed to identify deceased Medicaid recipients, the high number of overpayments suggests that data matches were not accurate or complete.

Adjusted/Recovered Payments for Services to Deceased Recipients

The State agency identified and made adjustments for 37 of the 200 paid claims. The State agency obtained the listings of deceased individuals from the Pennsylvania Bureau of Vital Records and matched the individuals on the file to the State agency Medicaid eligibility records to determine if providers were paid for claims associated with services to deceased Medicaid recipients. The data files are currently matched on a monthly basis. Prior to February 2001, the files were matched on an annual basis. Eligibility files are also matched with SSA death files on a weekly basis to determine if Medicaid eligible individuals have died. Overpayments associated with deceased individuals were automatically adjusted through the State's claims processing system.

Payments for Recipients Not Deceased - Adjustments Not Required

We determined that adjustments were not needed for 52 claims related to recipients who were not deceased. We determined that 42 claims contained discrepancies between the information contained in the MMIS and the SSA death records and that the recipients were alive. We found five of the 52 claims had no death information for the recipients, and considered the claim an allowable payment for an eligible Medicaid recipient. For the remaining five claims, a rematch of the SSA death files to the paid claims files determined that recipients for these claims were no longer listed on the SSA death tapes and were, therefore, not considered to be deceased recipients. No adjustments were required for the claims associated with these recipients. In regard to the erroneous matches cited above, we noted the following.

Error in MMIS or SSA data. For 42 claims, the data on the MMIS or SSA files was incorrect. Sixteen claims had incorrect social security numbers in the MMIS records, while 26 additional claims had inaccurate dates of death in the SSA death files. The incorrect social security numbers for the 16 claims were often those of a spouse or relative. The date of death per the death certificates for the 26 claims was after the date of service of the claim. We consider the death certificate to be the most reliable source and, therefore, should be used to establish the date of death.

No verification of death. We were unable to conclusively determine the deceased status for four recipients associated with five claims. The SSA death tapes indicated the individuals were deceased, but no supporting documentation was available from State eligibility files, Medicare common working files, or other Federal sources.

Purged from initial match. We eliminated five of the original matches through a data rematch during our fieldwork. The death files are updated on a weekly basis and include additional deaths, as well as corrections for individuals that were improperly identified as deceased. The names of these recipients, previously classified as dead, were

appropriately deleted from the SSA death files. The recipients are no longer considered deceased.

ERROR PROJECTION

Based on our projection of the errors to the universe of paid claims for the period October 1998 to December 2001, the State agency had not recovered unallowable Medicaid overpayments totaling approximately \$1.5 million.

RECOMMENDATIONS

We recommend that the State agency:

- Recover non-managed care payments from the specifically identified overpayments of \$19,154 (Federal share \$10,314) for Medicaid services after the recipients' death.
- Identify and recover non-managed care payments from the projected overpayments of approximately \$1.5 million (Federal share \$800,000) for Medicaid services after the recipients' death.
- Ensure that methods of data matching consider all sources for identifying Medicaid recipients who have died and that recoveries of unallowable payments are initiated in a timely manner.

STATE AGENCY COMMENTS AND OIG RESPONSE

Recover Specifically Identified Overpayments. The State agency did not dispute the findings.

Identify and recover additional overpayments. The State agency does not agree with the recommendation. They state that the success rate for identifying overpayments would be similar to that of the sample cases. They believe that current enhancements have eliminated the reported problems.

Although State contract regulations prohibit the recovery of overpayments to managed care organizations after the 18-month period has expired, there are fee-for-service overpayments outstanding that should be recovered. Based on the comments provided by the State, our recommendations were revised to state that the State agency should recover non-managed care overpayments. The lack of an effective system to identify and recover overpayments resulted in the State forgoing the opportunity to recover Medicaid funds paid to managed care organizations for services not received.

Improve Identification and Recovery of Overpayments.

The State agency agrees with the recommendation.

APPENDICES

SAMPLING METHODOLOGY

POPULATION

Paid claims for Medicaid eligible recipients receiving services in the month after death. The services were provided during the period of November 1998 through December 2001. The universe consisted of 15,661 paid claims totaling \$3,229,984.

SAMPLE DESIGN

A statistical random sample was used for this review. The Random Number Generator through the *OAS Statistical Sampling Software RATS-STATS* was used to select the random sample.

RESULTS OF SAMPLE

The results of our review are as follows:

Number Of Claims	Sample Size	Value of Sample	Number of Errors	Value of Errors
15,661	200	\$53,601	111	\$19,154

The point estimate of the sample was \$1,499,881 with a lower limit at the 90% confidence interval of \$1,274,857.



Appendix B

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
P.O. BOX 2675
HARRISBURG, PENNSYLVANIA 17105-2675

JAN 13 2004

Michael Stauffer
Deputy Secretary for Administration

(717) 787-3422
Email: MikeS@dpw.state.pa.us

Mr. Paul Swanson
Regional Inspector General for Audit Services
Office of Audit Services
Office of Inspector General
Department of Health and Human Services
233 North Michigan Avenue
Chicago, Illinois 60601

Dear Mr. Swanson:

Thank you for your November 10, 2003, letter in which you transmitted the draft report entitled "Audit of Payments for Medicaid Services to Deceased Recipients" for the period October 1, 1998, to September 30, 2001.

The Department of Public Welfare (DPW) acknowledges that deficiencies existed in the identification of deceased recipients and recovery of overpayments, as identified by the Office of Inspector General (OIG) during the past audit period. However, such deficiencies have been eliminated in subsequent periods. The Managed Care Payment System relies heavily on the integrity of the data contained in the Client Information System (CIS). The validity and timeliness of this data is critical to the Office of Medical Assistance Programs (OMAP) processing of the appropriate capitation payments that are made to the state-contracted managed care organizations (MCOs) and/or subsequent recoveries.

Presently, enhancements exist in the process of identifying deceased recipients, and more frequent reconciliation of the data is performed. The response developed by the DPW is presented below.

Recommendation #1 – Refund the specifically identified overpayments of \$19,154 (Federal share \$10,314) for Medicaid services after the recipients' death.

DPW Response: The DPW does not dispute the findings regarding the 111 overpayments identified in the sample of 200 claims. However, previously identified deficiencies in DPW's data matching methodology and recovery frequency resulted in these overpayments. The DPW's main CIS database stores the date of death (DOD) records that the recovery programs edit against; obviously, if the records are blank, the DPW's system cannot initiate a recovery. In addition, the DPW has a contractual limitation with the MCOs not to recoup payments from them for any reason after 18 months.

Below is an analysis of the 111 payments identified in the audit:

- 36 – DOD not on CIS database
- 50 – DOD untimely
 - 1998 and 1999 DOD entered 7/29/00 (20) and 1/01-1/04 (17)
 - January-April 2001 DOD entered 5/03 and 6/03
- 18 – Purged from CIS
- 3 – DOD does not match DOD on CIS
- 3 – CIS still open
- 1 – Adjusted after OIG review period

The DPW operates in a real time environment and does not have the luxury of five years worth of back data to analyze within an 18-month window of opportunity in order to identify these deaths and recover the capitation payments from the MCOs.

Recommendation #2 – Identify and refund additional overpayments of approximately \$1.5 million (Federal share \$800,000) for Medicaid services after the recipients' death.

DPW Response: The DPW does not agree with this recommendation. Based on an analysis of the original records identified in Finding #1, the belief is that the DPW would have no better success in identifying overpayments due to death in this population, for this time period, than was done for the sample cases.

The DPW does believe that enhancements made to the process have eliminated these problems. The DPW has incorporated the DOD recovery logic into the monthly capitation payment process. Each month, the DPW will look back 18 months to identify managed care capitation claims that were paid for periods after an MCO member was deceased and process back-out claim adjustments when applicable.

The DPW welcomes a follow-up review to determine if additional monies need to be recovered from the Commonwealth.

Recommendation #3 – Ensure that methods of data matching consider all sources for identifying recipients who have died and that recoveries of unallowable payments are initiated.

DPW Response: The DPW's Office of Income Maintenance and Office of Information Systems (OIS) have worked closely with the Department of Health and the Social Security Administration to enhance the automated exchange of deceased information over the past several years. The current process is much more automated and includes

Mr. Paul Swanson

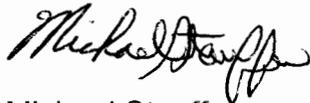
- 3 -

more frequent reconciliation of data than previously performed. The OIS modified the CIS matching procedures to more accurately identify deceased recipients using a Social Security number and name.

The majority of overpayments identified in this audit were prior to when these enhancements were made to the DOD identification and recovery processes. The DPW will continue to review these matches to ensure that all deaths are recorded timely to the CIS database.

Thank you for the opportunity to respond to this report. Please contact Andrew Johnson, Bureau of Financial Operations, Audit Resolution Section, at (717) 783-6329 if you should need any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Stauffer". The signature is written in a cursive style with a large initial "M".

Michael Stauffer

ACKNOWLEDGMENTS

This report was prepared under the direction of Paul Swanson, Regional Inspector General for Audit Services. Other Office of Audit Services staff who contributed include:

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For information or copies of this report, please contact the Office of Inspector General's Public Affairs office at (202) 619-1343.