Why OIG Did This Review
Previous OIG reviews found that State Medicaid agencies had improperly paid Medicaid Managed Care Organizations (MCOs) capitation payments on behalf of deceased beneficiaries. We conducted a similar review of the Wisconsin Department of Health Services (State agency), which administers the Medicaid program.

Our objective was to determine whether the State agency made capitation payments on behalf of deceased beneficiaries.

How OIG Did This Review
Our audit covered 1,731 capitation payments, totaling $604,491, made during the period July 1, 2010, through June 30, 2015 (audit period), on behalf of beneficiaries reported as deceased. To identify our population of deceased beneficiaries, we matched the Medicaid Management Information System data to the Social Security Death Master File using the beneficiaries’ social security numbers, names, and dates of birth. We identified all capitation payments that occurred at least 1 month after the beneficiaries’ dates of death (DODs). We then reviewed all capitation payments over $50.

We confirmed the status of the beneficiaries for 1,731 capitation payments and determined that payments were made on behalf of deceased beneficiaries for 1,654 capitation payments.

Wisconsin Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries’ Deaths

What OIG Found
The State agency made 1,654 capitation payments totaling $589,478 ($347,822 Federal share) on behalf of deceased beneficiaries. We confirmed that all beneficiaries associated with these capitation payments were deceased.

The State agency did not always identify and process Medicaid beneficiaries’ death information. Although the State agency’s eligibility system regularly interfaced with Federal data exchanges that identify dates of death, caseworkers did not always receive notification that beneficiaries had died or did not correctly input the DODs in the system.

What OIG Recommends and Wisconsin Comments
We recommend that the State agency (1) recover unallowable payments totaling $589,478 from MCOs and refund $347,822 to the Federal Government; (2) identify and recover capitation payments made on behalf of deceased beneficiaries before and after our audit period, and repay the Federal share of amounts recovered; and (3) strengthen its policies and procedures for identifying deceased beneficiaries and correctly entering DODs in the Client Assistance for Reemployment and Economic Support system to ensure that DODs are recorded in a timely manner to prevent unallowable payments.

Wisconsin concurred with our findings and described actions that it plans to take to address our recommendations.

The final report can be found at: https://oig.hhs.gov/oas/reports/region5/51700006.asp.