

**OFFICE OF  
INSPECTOR GENERAL**

**ILLINOIS MEDICAID MANAGED CARE  
ORGANIZATIONS RECEIVED  
CAPITATION PAYMENTS AFTER  
BENEFICIARIES' DEATHS**

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**August 2019  
A-05-18-00026**

# *Office of Inspector General*

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## Report in Brief

Date: August 2019

Report No. A-05-18-00026



### Why OIG Did This Review

Previous OIG reviews found that States had improperly paid Medicaid Managed Care Organizations (MCOs) capitation payments on behalf of deceased beneficiaries. We conducted a similar review of the Illinois Department of Healthcare and Family Services, which administers the Medicaid program.

Our objective was to determine whether Illinois made capitation payments on behalf of deceased beneficiaries.

### How OIG Did This Review

Our audit covered 11,358 monthly capitation payments, totaling \$5.9 million, with service dates during the period October 1, 2015, through September 30, 2017 (audit period), made on behalf of beneficiaries reported as deceased. To identify our population of deceased beneficiaries, we matched the Medicaid Management Information System (MMIS) data with the Social Security Administration's Death Master File using the beneficiaries' Social Security numbers, names, and dates of birth. We then identified all capitation payments that occurred at least 1 month after the beneficiaries' dates of death.

We selected a stratified random sample of 100 capitation payments totaling \$89,054 (\$53,408 Federal share) to confirm the status of the beneficiaries and to confirm whether payments were made on behalf of the deceased beneficiaries.

## Illinois Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths

### What OIG Found

We estimated that Illinois did not recover unallowable MCO payments made on behalf of deceased beneficiaries during our audit period, totaling at least \$4.6 million (\$3.2 million Federal share). We confirmed that 80 of the 94 beneficiaries associated with the 100 capitation payments in our stratified random sample were deceased. Illinois did not recover any of the 84 sampled capitation payments made on behalf of the 80 deceased beneficiaries, totaling \$74,319 (\$45,032 Federal share).

Illinois did not always process Medicaid beneficiaries' death information in the MMIS. Although Illinois' eligibility systems interfaced with Federal data exchanges that identify dates of death, Illinois did not enter the dates of death in the MMIS for the majority of our sampled beneficiaries.

### What OIG Recommends and Illinois Comments

We recommend that Illinois (1) refund \$3.2 million to the Federal Government; (2) identify and recover unallowable payments made to MCOs during our audit period on behalf of deceased beneficiaries, which we estimate to be at least \$4.6 million; (3) identify capitation payments made on behalf of deceased beneficiaries before and after our audit period, and repay the Federal share of amounts recovered; and (4) ensure that dates of death are added to the MMIS for deceased beneficiaries that were previously marked as "inactive."

In written comments on our draft report, Illinois accepted our recommendations. Illinois said that it will determine whether beneficiaries identified in the audit are in fact deceased. For any beneficiaries Illinois confirms to be deceased, the capitation payments will be recouped and the Federal share refunded. Illinois said that it is in the process of procuring the SSA's Death Master File data and will compare that information with all beneficiaries to determine whether there are other payments for deceased beneficiaries that need to be recouped and refunded to the Federal Government. Illinois said that it will modify its system to ensure that dates of death are added for deceased beneficiaries that were previously marked inactive.

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## INTRODUCTION

### WHY WE DID THIS REVIEW

The Illinois Department of Healthcare and Family Services (State agency) pays managed care organizations (MCOs) to provide covered health care services in return for a monthly fixed payment for each enrolled beneficiary (capitation payment). Previous Office of Inspector General (OIG) reviews<sup>1</sup> found that State Medicaid agencies had improperly paid capitation payments on behalf of deceased beneficiaries. We conducted a similar review of the State agency, which administers the Medicaid program.

### OBJECTIVE

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

### BACKGROUND

#### The Medicaid Program

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities (Title XIX of the Social Security Act (the Act)). The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

The Medicaid managed care programs are intended to increase access to and improve the quality of health care for Medicaid beneficiaries. States contract with an MCO to make services available to enrolled Medicaid beneficiaries, usually in return for a periodic payment, known as a capitation payment. States report capitation payments claimed by Medicaid MCOs on the States' Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. The Federal Government pays its share of a State's medical assistance expenditures (Federal share) under Medicaid based on the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10). During the period of October 1, 2015, through September 30, 2017 (audit period), the FMAP in Illinois ranged from 50.89 to 51.30 percent.<sup>2</sup>

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<sup>1</sup> See Appendix B for related OIG reports.

<sup>2</sup> Because of the Patient Protection and Affordable Care Act's (Affordable Care Act) Medicaid expansion, payments for "newly eligible" adults were reimbursed at a 100-percent FMAP during calendar years 2014 through 2016 and are gradually declining to 90-percent by 2020.

## **Social Security Administration: Date of Death Information**

The Social Security Administration (SSA) maintains death record information by obtaining death information from relatives of deceased beneficiaries, funeral directors, financial institutions, and postal authorities. SSA processes death notifications through its Death Alert, Control, and Update System, which matches the information received from external sources against the Master Beneficiary Record and the Supplemental Security Income Record.<sup>3</sup> SSA records the resulting death information in its Numerical Identification System (the Numident).<sup>4</sup> SSA then uses information from the Numident to create a national record of death information called the Death Master File (DMF).<sup>5, 6</sup>

## **Federal Requirements**

A capitation payment is “a payment the State agency makes periodically to a contractor on behalf of each beneficiary enrolled under a contract for the provision of medical services under the State plan. The State agency makes the payment regardless of whether the particular beneficiary receives services during the period covered by the payment” (42 CFR § 438.2).

## **Illinois’ Medicaid Managed Care Program**

Illinois’ current State-wide, mandatory Medicaid Managed Care program was introduced in 2006 and has been expanded over time to include a variety of populations and services. The program covers acute care, primary care, behavioral health, long-term care, and other specialty services.

During our audit period, approximately 60 percent of Illinois’ Medicaid population received benefits through 13 MCOs under contract with the State agency. The contracts with the MCOs covered health care services to eligible Medicaid beneficiaries in exchange for a fixed per-member, per-month capitation payment. The contracts state that beneficiaries’ enrollment will be retroactively terminated upon death and that payments to the MCO will be adjusted for retroactive disenrollment of the beneficiaries (State agency contract, sections 4.13.1.1 and

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<sup>3</sup> SSA, *Programs Operations Manual System*, GN 02602.060 (May 13, 2011). The Master Beneficiary Record is an electronic record of all Title II (of the Act) beneficiaries. The Supplemental Security Income Record is an electronic record of all Title XVI (of the Act) beneficiaries.

<sup>4</sup> The Numident contains personally identifiable information for each individual issued a Social Security number (SSN).

<sup>5</sup> SSA, *Programs Operations Manual System*, GN 02602.060.B.1 (May 13, 2011).

<sup>6</sup> SSA maintains death data—including names, SSNs, dates of birth (DOBs), and States of death—in the DMF for approximately 98 million deceased individuals.

7.7).<sup>7</sup> The State agency made payments of approximately \$11 billion to Medicaid MCOs during our audit period.

State Medicaid agencies use the Medicaid Management Information System (MMIS) to process payments and maintain beneficiary eligibility and enrollment information. During our audit period, Illinois was in the process of modernizing its 30-year-old MMIS. This step was taken, in large part, to meet Federal requirements in the Affordable Care Act. In modernizing the dated MMIS system, Illinois is addressing previous challenges, including support for advanced administrative functions, such as claims processing for providers and eligibility verification of Medicaid beneficiaries.

## **HOW WE CONDUCTED THIS REVIEW**

Our audit covered 11,358 monthly capitation payments, totaling \$5.9 million,<sup>8</sup> with service dates during our audit period,<sup>9</sup> made on behalf of beneficiaries reported as deceased. To identify our population of deceased beneficiaries, we matched the MMIS data to the DMF using the beneficiaries' SSNs, names, and DOBs. We then identified all capitation payments that occurred at least 1 month after the beneficiaries' dates of death.

We selected a stratified random sample of 100 capitation payments totaling \$89,054 (\$53,408 Federal share) to confirm the status of the beneficiaries and that payments were made on behalf of the deceased beneficiaries. Using the results of our sample, we estimated the total value and Federal share of unallowable capitation payments that the State agency did not recover.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, Appendix C contains the details of our statistical sampling methodology, Appendix D contains our sample results and estimates, and Appendix E contains the Federal and State requirements.

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<sup>7</sup> There were several different contracts for Illinois' MCO programs during our audit period. Although the section numbers vary among the contracts, the provisions related to the termination of eligibility and the recovery of capitation payments are present in all contracts.

<sup>8</sup> The actual amount was \$5,883,976.

<sup>9</sup> The audit period encompassed the most current data available at the time we initiated our review.

## FINDINGS

The State agency made capitation payments on behalf of deceased beneficiaries totaling \$5.9 million. However, based on the State and SSA data we had, we could not fully confirm that all of those beneficiaries were deceased. We confirmed that 80 of the 94 beneficiaries associated with the 100 capitation payments in our stratified random sample were deceased. The State agency did not recover any of the 84 sampled capitation payments made on behalf of the 80 deceased beneficiaries, totaling \$74,319 (\$45,032 Federal share).

These errors occurred because the State agency did not always process Medicaid beneficiaries' death information in the MMIS. Although the State's eligibility systems interfaced with Federal data exchanges that identify dates of death, the State agency did not enter the dates of death in the MMIS for the majority of our sampled beneficiaries.

As a result, we estimated that the State agency did not recover unallowable payments to MCOs during our audit period totaling at least \$4.6 million (\$3.2 million Federal share).<sup>10</sup>

### **THE STATE AGENCY MADE UNALLOWABLE PAYMENTS TO MEDICAID MANAGED CARE ORGANIZATIONS**

Contractual agreements with the MCOs provide for the recovery of capitation payments made after the beneficiaries' deaths. However, the State agency did not always recover the capitation payments after the beneficiaries' deaths.

The State agency made capitation payments totaling \$5.9 million on behalf of deceased beneficiaries that we identified by matching the State agency's MMIS data to the SSA DMF. However, based on the State and SSA data we had, we could not fully confirm that all of those beneficiaries were deceased. We confirmed that 80 of the 94 beneficiaries associated with the 100 capitation payments in our stratified random sample were deceased.<sup>11</sup>

Of the 100 capitation payments in our sample:

- The State agency did not recover any of the 84 sampled capitation payments made on behalf of the 80 deceased beneficiaries, totaling \$74,319 (\$45,032 Federal share). The State agency made 81 of these capitation payments on behalf of beneficiaries who did not have a date of death in the MMIS. Of the remaining three capitation payments, the State agency made two payments on behalf of beneficiaries who had a correct date of death in the MMIS and one payment on behalf of a beneficiary who had an incorrect date of death in the MMIS.

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<sup>10</sup> The actual amounts were \$4,615,982 and \$3,174,262, respectively.

<sup>11</sup> We confirmed the beneficiaries' dates of death using a national investigative database, death certificates, or obituaries.

- For the remaining 16 capitation payments in our sample, we could not confirm the death of the 14 associated beneficiaries and did not treat these samples as errors.

## **THE STATE AGENCY DID NOT ALWAYS PROCESS DEATH INFORMATION**

The State agency did not always process Medicaid beneficiaries' death information in the MMIS. When the State agency properly processes death information, MMIS uses that information to identify a beneficiary as deceased, stop capitation payments, and initiate the recovery process for capitation payments made after the beneficiary's date of death.

The State agency relies on the Illinois Department of Human Services (DHS) to determine the eligibility of Medicaid beneficiaries and to identify available death information. To identify dates of death, DHS relies on several sources of data from SSA: the State On-Line Query (SOLQ),<sup>12</sup> the Beneficiary & Earnings Data Exchange (BENDEX),<sup>13</sup> and the State Data Exchange (SDX).<sup>14</sup> Although the DHS systems interfaced with these data sources, dates of death were not entered into the MMIS for the majority of our sampled beneficiaries.

The State agency described a flaw that our audit identified. If a beneficiary's eligibility ends, his or her casefile is marked as "inactive" in the MMIS. If the State agency receives a date of death from DHS after the casefile is marked inactive, it does not add the date of death to the beneficiary's MMIS record, and the capitation payment is not recovered. The following example illustrates this issue. A beneficiary died in June 2017, MMIS listed the casefile as inactive in September 2017, and the State agency received the date of death from DHS in October 2017. The State agency did not recover the capitation payments that it sent to the MCO in July, August, and September because it did not enter the date of death into the MMIS when the casefile was listed as inactive. This issue affected 70 of the 94 beneficiaries in our sample. The State agency could not provide a specific reason why 21 of the remaining 24 beneficiaries remained eligible and why it never recovered the capitation payments for the 3 beneficiaries that had a date of death on file in the MMIS.

## **ESTIMATE OF UNALLOWABLE CAPITATION PAYMENTS**

On the basis of our sample results, we estimated that the State agency did not recover unallowable payments to MCOs during our audit period totaling at least \$4.6 million (\$3.2 million Federal share).

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<sup>12</sup> The SOLQ allows States real-time online access to SSA's SSN verification service and retrieval of data from Title II and Title XVI of the Act. SOLQ enables State social services agencies, some Federal agencies, and other State benefit program personnel to rapidly obtain information they need to qualify individuals for programs.

<sup>13</sup> The BENDEX is a batch data exchange that provides Title II and earnings data to the State agencies.

<sup>14</sup> The SDX is a batch data exchange that provides Title XVI data to States that administer federally funded income programs or health maintenance programs, or both.

## RECOMMENDATIONS

We recommend that the Illinois Department of Healthcare and Family Services:

- refund \$3,174,262 to the Federal Government;
- identify and recover unallowable payments made to MCOs during our audit period on behalf of deceased beneficiaries, which we estimate to be at least \$4,615,982;
- identify capitation payments made on behalf of deceased beneficiaries before and after our audit period, and repay the Federal share of amounts recovered; and
- ensure that dates of death are added to the MMIS for deceased beneficiaries that were previously marked inactive.

## STATE AGENCY COMMENTS

In written comments on our draft report, the State agency accepted our recommendations. The State agency said that it will determine whether beneficiaries identified in the audit are in fact deceased. For any beneficiaries the State agency confirms to be deceased, the capitation payments will be recouped and the Federal share refunded. The State agency said that it is in the process of procuring the SSA Death Master File data and will compare that information with all beneficiaries to determine whether there are other payments for deceased beneficiaries that need to be recouped and refunded to the Federal Government. The State agency said that it will modify its system to ensure that dates of death are added for deceased beneficiaries that were previously marked inactive.

The State agency's comments are included in their entirety as Appendix F.

## APPENDIX A: AUDIT SCOPE AND METHODOLOGY

### SCOPE

Our audit covered 11,358 monthly capitation payments, totaling \$5,883,976, made on behalf of beneficiaries reported as deceased in the SSA DMF. We reviewed capitation payments with service dates during the period October 1, 2015, through September 30, 2017 (audit period). We selected a stratified random sample of 100 capitation payments totaling \$89,054 (\$53,408 Federal share) for review.

We did not review the overall internal control structure of the State agency or its Medicaid program. Rather, we reviewed only those internal controls related to our objective. We limited our review to determining whether MCOs in Illinois received capitation payments on behalf of beneficiaries whose dates of death preceded the capitation payment month.

We conducted our fieldwork from April 2018 through January 2019.

### METHODOLOGY

To accomplish our objective, we:

- reviewed Federal and State laws, regulations, and guidance;
- gained an understanding of the State agency's internal controls over preventing, identifying, and correcting payments after a beneficiary's death;
- reviewed the State agency contracts with the MCOs for our audit period;
- obtained from the State agency a list of MCO beneficiaries that were eligible during our audit period;
- matched the list of eligible MCO beneficiaries to the SSA DMF and identified 35,757 deceased beneficiaries;
- provided that list of 35,757 deceased beneficiaries to the State agency and requested all associated MCO capitation payments with service dates during the period October 1, 2015, through June 30, 2018;
- obtained from the State agency a file containing 413,417 capitation payments that were made on behalf of deceased beneficiaries with a service date during the period October 1, 2015, through June 30, 2018, totaling \$493,084,872 (the State agency file);

- limited use of the State agency file to capitation payments with paid amounts greater than \$0 and service dates after the beneficiaries' deaths, and identified 16,758 capitation payments totaling \$9,885,212 (capitation payment data);
- limited use of the capitation payment data to capitation payments with a service date during our audit period, and created a sampling frame containing 11,358 capitation payments, totaling \$5,883,976, that the State agency made to MCOs on behalf of beneficiaries whose dates of death preceded the capitation payment service date;
- selected for review a stratified random sample of 100 capitation payments totaling \$89,054 (\$53,408 Federal share);
- for each sampled capitation payment, obtained current documentation from the State agency to support:
  - the beneficiaries' first and last names, SSNs, DOBs (ensuring that the information matched the DMF), and Medicaid identification numbers;
  - whether the MMIS identified the beneficiaries' dates of death;
  - that a capitation payment occurred for the capitation payment month (ensuring the accuracy of the paid amount); and
  - whether any adjustments were made for the sample capitation payments;
- compared the dates of death in the MMIS and the DMF for the 100 sample items;
- used Accurint,<sup>15</sup> death certificates on file with the Illinois Department of Health, and obituaries as alternative information sources to independently confirm the dates of death on file with the DMF;
- estimated the total value and Federal share of unallowable capitation payments that the State agency did not recover by using OIG, Office of Audit Services (OAS), statistical software; and
- discussed the results of our review with State agency officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

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<sup>15</sup> Accurint is a LexisNexis data depository that contains more than 40 billion records from more than 10,000 data sources. Accurint's identity repository contains death records from multiple sources, including the DMF, State deceased records, and other proprietary sources.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>California Managed Care Organizations Received Medicaid Capitation Payments After Beneficiaries' Deaths</i>	A-04-18-06220	5/7/19
<i>Ohio Managed Care Organizations Received Medicaid Capitation Payments After Beneficiaries' Deaths</i>	A-05-17-00008	10/04/18
<i>Wisconsin Managed Care Organizations Received Medicaid Capitation Payments After Beneficiaries' Deaths</i>	A-05-17-00006	9/27/18
<i>Tennessee Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	A-04-15-06190	12/22/17
<i>Texas Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	A-06-16-05004	11/14/17
<i>Florida Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	A-04-15-06182	11/30/16

## APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

### TARGET POPULATION

The population consisted of capitation payments that the State agency made on behalf of deceased beneficiaries during our audit period.

### SAMPLING FRAME

Our sampling frame is an Excel file containing 11,358 capitation payments that were made on behalf of deceased beneficiaries<sup>16</sup> with a service date during our audit period, totaling \$5,883,976.

### SAMPLE UNIT

The sample unit was a capitation payment.

### SAMPLE DESIGN AND SAMPLE SIZE

We used the following stratified random sample:

Stratum	Frame Information			Sample Size
	Payment Range	Number of Payments	Amount of Payments	
1	\$37.74 through \$512.32	7,170	\$1,947,333	34
2	\$512.43 through \$1,017.42	3,166	\$2,364,307	33
3	\$1,037.41 through \$5,820.20	1,022	\$1,572,335	33
	<b>Total</b>	<b>11,358</b>	<b>\$5,883,976<sup>17</sup></b>	<b>100</b>

### SOURCE OF RANDOM NUMBERS

We generated the random numbers using the OIG/OAS statistical software.

### METHOD FOR SELECTING SAMPLE UNITS

We consecutively numbered the capitation payments within strata 1 through 3. After generating the random numbers for each stratum, we selected the corresponding capitation payments from the sampling frame.

<sup>16</sup> The sampling frame was restricted to capitation payments that we identified through data analytics as having been paid after the month of the beneficiaries' deaths.

<sup>17</sup> The stratum amounts do not sum to the total amount due to rounding.

## **ESTIMATION METHODOLOGY**

We used the OIG/OAS statistical software to estimate the total value and Federal share of unallowable payments made to deceased beneficiaries during our audit period. To be conservative, we recommend recovery of unallowable payments at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual total of unallowable payments in the sampling frame 95 percent of the time.

**APPENDIX D: SAMPLE RESULTS AND ESTIMATES**

<b>Stratum</b>	<b>Frame Size</b>	<b>Value of Frame</b>	<b>Sample Size</b>	<b>Total Value of Sample</b>	<b>Incorrectly Billed Sample Items</b>	<b>Value of Over-payments in Sample</b>
1	7,170	\$1,947,333	34	\$9,332	32	\$8,950
2	3,166	2,364,307	33	25,297	26	19,243
3	1,022	1,572,335	33	54,425	26	46,127
<b>Total</b>	<b>11,358</b>	<b>\$5,883,976<sup>18</sup></b>	<b>100</b>	<b>\$89,054</b>	<b>84</b>	<b>\$74,319<sup>19</sup></b>

**ESTIMATES**

**Table 4: Estimates of Unallowable Payments for the Audit Period  
(Limits Calculated for a 90-Percent Confidence Interval)**

	<b>Total Amount</b>	<b>Federal Share</b>
Point estimate	\$5,161,966	\$3,601,079
Lower limit	4,615,982	3,174,262
Upper limit	5,707,950	4,027,896

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<sup>18</sup> The stratum amounts do not sum to the total amount due to rounding.

<sup>19</sup> *Id.*

## **APPENDIX E: FEDERAL AND STATE REQUIREMENTS**

### **FEDERAL REQUIREMENTS**

The Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the FMAP, which varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10).

In connection with the Medicaid managed care program, providers are defined as "any individual or entity that is engaged in the delivery of health care services and is legally authorized to do so by the State in which it delivers the services" (42 CFR § 400.203).

A capitation payment is "a payment the State agency makes periodically to a contractor on behalf of each beneficiary enrolled under a contract for the provision of medical services under the State plan. The State agency makes the payment regardless of whether the particular beneficiary receives services during the period covered by the payment" (42 CFR § 438.2).

### **STATE REQUIREMENTS**

The State agency entered into contractual agreements with the MCOs. The contracts allow adjustments to funds previously paid. For example, the contract dated June 30, 2014, states that the State agency shall terminate a beneficiary's coverage upon the beneficiary's death and that termination may be retroactive to the last day of the month in which the beneficiary dies. The contract also states that payments to the MCO will be adjusted for retroactive disenrollment of the beneficiaries (State agency contract §§ 4.13.1.1 and 7.7).

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July 12, 2019

Department of Health and Human Services  
Office of Audit Services, Region V  
Attn: Sheri L. Fulcher, Regional Inspector General for Audit Services  
223 North Michigan Avenue, Suite 1360  
Chicago, IL 60601

Re: Draft Audit Report A-05-18-0026

Dear Ms. Fulcher:

Thank you for providing the opportunity to comment on your draft audit report entitled “Medicaid Managed Care Organizations received Capitation Payments After Recipients' Death”.

The Department accepts the recommendations. The Department will verify those beneficiaries determined deceased by the auditors are in fact deceased. For any beneficiaries that are confirmed as deceased, the capitation payments will be recouped, and the federal share will be refunded. The Department is in the process of procuring the SSA Master Death File data and will run that information against all beneficiaries to determine whether there are other payments for deceased beneficiaries that need to be recouped and refunded to the Federal government. A system modification will also be implemented to ensure dates of death are added for deceased beneficiaries that were previously marked inactive.

We appreciate the work completed by your audit team and the open lines of communication with HFS staff throughout this audit. If you have any questions or comments about our response to the audit, please contact Amy Lyons, External Audit Liaison, and (217) 558-4347 or through email at [amy.lyons@illinois.gov](mailto:amy.lyons@illinois.gov) .

Sincerely,

/Doug Elwell/

Doug Elwell  
Medicaid Administrator