

## Report in Brief

Date: September 2020  
Report No. A-05-18-00046

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



### Why OIG Did This Audit

Prior Office of Inspector General and other reports indicated substantial improvements in States' third-party liability (TPL) identification and recovery efforts. However, the reports also indicated longstanding challenges States had in their TPL efforts. We conducted an audit of Indiana's efforts to determine whether Medicaid is paying too much for claims in which members were identified as having TPL.

Our objective was to determine whether Indiana ensured that Medicaid payments were made properly for claims identified as having third-party coverage.

### How OIG Did This Audit

Our audit covered 79,920 non-pharmacy claims, totaling \$7.4 million, that had service dates during our audit period and that indicated third-party payment, or the members' Medicaid eligibility files indicated that they had other insurance.

We selected 120 non-pharmacy claims, totaling \$49,666, to determine whether Medicaid paid appropriately after the third-party paid to the extent of its liability. Using the results of our sample, we estimated the total value and Federal share of unallowable Medicaid payments that Indiana did not recover.

## Indiana Did Not Ensure That Medicaid Payments Were Made Properly for Some Claims Identified as Having Third-Party Coverage

### What OIG Found

Indiana ensured that Medicaid payments were made properly for claims for which the members had been identified as having third-party coverage for 54 of the 120 sampled claims. However, for 9 of the 120 claims, Indiana should not have paid some or all of the Medicaid payments totaling \$5,082. For the remaining 57 claims, as well as 6 of the 9 overpayments, we found that Indiana; its contractor, DXC Technology (DXC); or DXC's subcontractor, HMS, did not (1) maintain accurate or complete information, or both, to avoid or recover Medicaid payments when there was TPL; (2) verify that members had other Medicaid expenditures to which excess payments received from third-party carriers could be applied; or (3) did not bill the third-party carrier in a timely manner or did not pursue recovery when there was TPL.

On the basis of our sample results, we estimated that Indiana made Medicaid overpayments totaling at least \$54,965 (\$36,573 Federal share) for service dates during our audit period. These issues occurred for a variety of reasons which are detailed in the body of the report.

### What OIG Recommends and Indiana Comments

We recommend that Indiana refund \$36,573 to the Federal Government. In addition, we made procedural recommendations to the State in the body of the report.

In written comments on our draft report, the State agency disagreed with one finding, parts of two findings, and agreed with or acknowledged the validity of the remaining two findings. The State agency did not indicate concurrence or nonconcurrence with our recommendations but described corrective actions that it has implemented or planned or that it is considering.

After reviewing the State agency's comments, we maintain that our findings, recommendations and estimate are valid.