The Indiana State Medicaid Agency Made Capitation Payments to Managed Care Organizations After Beneficiaries’ Deaths

What OIG Found
Indiana made capitation payments on behalf of deceased beneficiaries. We confirmed that 70 of the 71 beneficiaries associated with the 100 capitation payments in our stratified random sample were deceased. Of the 100 capitation payments, Indiana made 95 unallowable payments totaling $79,403 ($58,773 Federal share). On the basis of our sample results, we estimated that Indiana made payments totaling at least $1.1 million ($862,097 Federal share) to MCOs on behalf of deceased beneficiaries during our audit period.

Indiana did not always fully process Medicaid beneficiaries’ death information in the MMIS. Although the State agency’s eligibility systems interfaced with Federal and State data exchanges that identify dates of death, the State agency did not enter the dates of death in the MMIS for 48 of our sampled beneficiaries. Additionally, the State agency did not recover the capitation payments for 22 sampled beneficiaries that did have a date of death in the MMIS.

What OIG Recommends and Indiana Comments
We recommend that Indiana (1) refund $862,097 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 $1.1 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 and that capitation payments made after the beneficiaries’ deaths are recovered.

In written comments on our draft report, Indiana concurred with all of our recommendations. Indiana said that it will recover the capitation payments identified in the audit and return the Federal share, recover capitation payments that were made for deceased beneficiaries during and outside of the audit period, and ensure that dates of death are added to the MMIS.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/51900007.asp.