



October 14, 2009

Report Number: A-06-09-00089

Mr. Alan Levine
Secretary
Louisiana Department of Health and Hospitals
628 North 4th Street
Baton Rouge, Louisiana 70821-0629

Dear Mr. Levine:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Medicaid Payments for Services Claimed To Have Been Rendered to Deceased Recipients in Louisiana." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (214) 767-8414 or Michelle Richards, Senior Auditor, at (214) 767-9202 or through email at Michelle.Richards@oig.hhs.gov. Please refer to report number A-06-09-00089 in all correspondence.

Sincerely,

/Mark J. Ables/ for
Patricia Wheeler
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Jackie Garner, Consortium Administrator
Consortium for Medicaid and Children's Health Operations
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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICAID PAYMENTS FOR
SERVICES CLAIMED TO HAVE BEEN
RENDERED TO DECEASED RECIPIENTS
IN LOUISIANA**



Daniel R. Levinson
Inspector General

October 2009
A-06-09-00089

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

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

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XIX of the Social Security Act, the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. In Louisiana, the Department of Health and Hospitals (the State agency) administers the program.

The Social Security Administration (SSA) maintains comprehensive death records by purchasing death certificate information. This information is available to State and Federal agencies to assist in preventing payments for services purportedly provided to Medicaid recipients after they are deceased.

The State agency typically obtains death information through obituary notices or contact by a family member. The State Vital Records Registry maintains death records for deaths that occurred in Louisiana. The death records are available to the State agency for a fee.

OBJECTIVE

Our objective was to identify Louisiana Medicaid payments made to providers for claims with dates of service that followed recipients' deaths.

SUMMARY OF FINDINGS

We identified \$7,419 in Louisiana Medicaid payments made to providers for 799 claims with dates of service that followed 99 recipients' deaths. Of the 114 recipients who had payments made on their behalf after they may have been deceased, we confirmed that 89 recipients were deceased as of June 30, 2005, and that 10 recipients had died after June 30, 2005. We were not able to verify whether the remaining 15 recipients were deceased.

We did not determine whether one claim paid for a recipient who died after June 30, 2005, had been identified and recovered. For the remaining claims, the State agency had appropriately identified and recovered one payment of \$5,008 through its normal review process; thus, 797 claims totaling \$2,398 (\$1,682 Federal share) remained outstanding.

These overpayments occurred because the State agency did not have adequate controls over the prevention, identification, and recovery of payments for services purportedly provided after recipients' deaths and because the death information in the State's Medicaid system was not complete or entered in a timely fashion. Additionally, the State agency did not have a process in place to obtain death information from the State Vital Records Registry.

RECOMMENDATIONS

We recommend that the State agency:

- review the adequacy of the claims totaling \$2,398 (\$1,682 Federal share) and, for those determined to be erroneous, recover the payments and refund the Medicaid program;
- review claims with dates of service before and after our claims period for additional payments for the 89 recipients;
- obtain dates of death from the State Vital Records Registry;
- determine whether timing is the only reason claims were paid for deceased recipients whose dates of death are recorded in the State's Medicaid system;
- determine whether the claim for the individual who was confirmed deceased after June 30, 2005, had been identified and recovered; and
- work with SSA to determine whether the 15 recipients whose status could not be verified are deceased.

STATE AGENCY COMMENTS

In its comments on our draft report, the State agency agreed with our recommendations. The State agency said that it is in the process of implementing the recommendations and, regarding the final recommendation, had conducted a manual review on the 15 recipients whose status could not be verified through the Vital Records Registry. The State agency's comments are included in their entirety as the Appendix.

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INTRODUCTION

BACKGROUND

Pursuant to Title XIX of the Social Security Act, the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. 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. In Louisiana, the Department of Health and Hospitals (the State agency) administers the program.

The Social Security Administration (SSA) maintains comprehensive death records by purchasing death certificate information from State Governments and obtaining death notifications from funeral homes and friends and family of the deceased. All reported deaths of people who have Social Security numbers are routinely added to SSA's Death Master File. This information is available to State and Federal agencies to assist in preventing payments for services purportedly provided to Medicaid recipients after they are deceased.

The State Vital Records Registry maintains death records for deaths that occurred in Louisiana. The death records are available to the State agency for a fee.

From July 2005 to June 2006, the State Medicaid agency processed more than 40 million claims totaling over \$3 billion. The State Surveillance and Utilization Review Unit performs monthly reviews of dates of death to identify and recover Medicaid overpayments for services claimed to have been provided after recipients' deaths.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to identify Louisiana Medicaid payments made to providers for claims with dates of service that followed recipients' deaths.

Scope

We selected Louisiana Medicaid recipients who were listed as deceased as of June 30, 2005, in the SSA Death Master File and had payments made on their behalf to providers for claims with dates of service between July 1, 2005, and June 30, 2006. We identified 2,367 claims totaling \$383,073 for 114 recipients.

Using information from SSA, the State Medicaid Management Information System (MMIS), and the State Vital Records Registry, we attempted to confirm whether the recipients were deceased. For Medicaid-eligible recipients confirmed deceased as of

June 30, 2005, we determined whether the State agency had already recovered the amounts paid for claims with dates of service between July 1, 2005, and June 30, 2006.

We did not review the overall internal control structure of the State Medicaid program. We limited our internal control review to obtaining an understanding of the State Medicaid program's procedures to identify payments for services claimed to have been provided for deceased individuals and to recover the overpayments.

We conducted our audit work from May through July 2009.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicaid laws and regulations;
- reviewed the State agency's policies and procedures related to death notification and to preventing payments or recovering overpayments for deceased recipients;
- matched Louisiana Medicaid eligibility information to the SSA Death Master File by Social Security number and date of birth to identify potentially deceased Louisiana Medicaid recipients;
- limited the universe to those recipients who had paid claims from July 1, 2005, to June 30, 2006;
- compared SSA death information to State agency and State Vital Records Registry data to determine whether the SSA date of death was accurate for each recipient;
- determined whether the State agency had identified and recovered overpayments for recipients who were confirmed deceased as of June 30, 2005, or whether the payments remained outstanding; and
- coordinated our review with the State agency.

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 objective.

FINDINGS AND RECOMMENDATIONS

We identified \$7,419 in Louisiana Medicaid payments made to providers for 799 claims with dates of service that followed 99 recipients' deaths. Of the 114 recipients who had

payments made on their behalf after they may have been deceased, we confirmed that 89 recipients were deceased as of June 30, 2005, and that 10 recipients had died after June 30, 2005. We were not able to verify whether the remaining 15 recipients were deceased.

We did not determine whether one claim paid for a recipient who died after June 30, 2005, had been identified and recovered. For the remaining claims, the State agency had appropriately identified and recovered one payment of \$5,008 through its normal review process; thus, \$2,398 (\$1,682 Federal share) for 797 claims remained outstanding.

These overpayments occurred because the State agency did not have adequate controls over the prevention, identification, and recovery of payments for services purportedly provided after recipients' deaths and because the death information in the State's Medicaid system was not complete or entered in a timely manner. Additionally, the State agency did not have a process in place to obtain death information from the State Vital Records Registry.

RESULTS OF REVIEW

Federal regulations (42 CFR § 433.304) state that an overpayment is the amount that a Medicaid agency pays to a provider in excess of the amount that is allowable for furnished services. Payments for services claimed to have been rendered after Medicaid recipients' deaths are overpayments.

Of the 114 recipients:

- Eighty-nine recipients were deceased as of June 30, 2005.
 - For 74 recipients, SSA's records had the same dates of death as the State Vital Records Registry's records. The State agency's records did not show a date of death for 50 recipients, matched SSA's records for 17 recipients, and showed a different date of death for 7 recipients.
 - For 12 recipients, SSA's dates of death did not match the State Vital Records Registry's dates of death, but all dates were before June 30, 2005. The State agency's records did not show a date of death for eight recipients, showed a different date of death from the State Vital Records Registry's and SSA's records for two recipients, and matched SSA's records for two recipients.
 - For three recipients, SSA's dates of death matched the State agency's; the State Vital Records Registry's records did not show dates of death.

The State agency paid providers \$7,406 for 798 claims for services purportedly provided to 89 recipients after their dates of death. One long-term-care claim was recouped; thus 797 claims totaling \$2,398 (\$1,682 Federal share) remained outstanding.

Of the 797 claims, 1 claim was for an electrocardiogram, and the rest were for community care fees. The State agency provides reimbursement to primary care physicians who are enrolled as physician managers in the Community Care Waiver Program to ensure that the recipients under their care receive the appropriate hospital and specialty care as well as primary care. These physicians were reimbursed a \$3 management fee per month per Medicaid recipient enrolled in the Community Care Waiver Program.

- Ten recipients died after June 30, 2005. The State agency paid providers \$249,154 for 1,046 claims for services provided to the 10 recipients. We confirmed that SSA's dates of death were not correct by reviewing death certificates or other supporting documentation. For the six recipients who died between July 1, 2005, and June 30, 2006, we compared the dates of service of the claims to the dates of death and determined that five recipients were alive when the services were performed and that there was only one claim for \$13 that was for services purportedly performed after the date of death. We did not determine whether the State agency had identified and recouped the payment. The four remaining recipients died after June 30, 2006; therefore, we were not able to review their claim histories.
- Fifteen recipients did not have a date of death noted by either the State Vital Records Registry or State agency. Therefore, we were not able to verify whether these recipients were deceased. The State agency paid providers \$126,513 for 523 claims for services provided to the 15 recipients.

CAUSES OF OVERPAYMENTS

The overpayments occurred because the State agency did not have adequate controls over the prevention, identification, and recovery of payments made for services purportedly provided after recipients' deaths. There was not a process in place to obtain death information from the State Vital Records Registry. Thus, the State agency lacked important information when considering whether to make initial payments or whether the payments were for services purportedly provided after recipients' deaths and should be recovered.

In addition, the State Surveillance and Utilization Review Unit's monthly reviews of deaths were not successful in identifying all overpayments because the death information in the Medicaid system was not complete or entered in a timely fashion. The reviews track deaths that occurred 13 months earlier to allow ample time for the date of death to be recorded in the State Medicaid system.

RECOMMENDATIONS

We recommend that the State agency:

- review the adequacy of the claims totaling \$2,398 (\$1,682 Federal share) and, for those determined to be erroneous, recover the payments and refund the Medicaid program;
- review claims with dates of service before and after our claims period for additional payments for the 89 recipients;
- obtain dates of death from the State Vital Records Registry;
- determine whether timing is the only reason claims were paid for deceased recipients whose dates of death are recorded in the State's Medicaid system
- determine whether the claim for the individual who was confirmed deceased after June 30, 2005, had been identified and recovered; and
- work with SSA to determine whether the 15 recipients whose status could not be verified are deceased.

STATE AGENCY COMMENTS

In its comments on our draft report, the State agency agreed with our recommendations. The State agency said that it is in the process of implementing the recommendations and, regarding the final recommendation, had conducted a manual review on the 15 recipients whose status could not be verified through the Vital Records Registry. The State agency's comments are included in their entirety as the Appendix.

APPENDIX

APPENDIX: STATE AGENCY COMMENTS

Bobby Jindal
GOVERNOR



Alan Levine
SECRETARY

State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

September 29, 2009

Patricia Wheeler
Regional Inspector General for Audit Services
Office of Audit Services
1100 Commerce, Room 632
Dallas, TX 75242

Dear Ms. Wheeler:

RE: A-06-09-00089

The following are our comments regarding recommendations listed in the draft report entitled "Review of Medicaid Payments for Services Claimed to Have Been Rendered to Deceased Recipients in Louisiana."

RECOMMENDATIONS

- **Review the adequacy of the claims totaling \$2,398 (\$1,682 Federal Share) and, for those determined to be erroneous, recover the payments and refund the Medicaid program;**
Agree.
- **Review claims with dates of service before and after our claims period for additional payments for the 89 recipients;**
Agree.
- **Obtain dates of death from the State Vital Records Registry;**
Agree. Medicaid is in the process of obtaining access to date of death records contained in Vital Records Registry.
- **Determine whether timing is the only reason claims were paid for deceased recipients whose dates of death are recorded in the State's Medicaid system;**
Timing plays a significant part in payment of claims after date of death. The systems involved are not real time; there will always be lag time between date of death and posting of date of death on the claims payment system. Additionally, the date of death could be incorrect.
- **Determine whether the claim for individual who was confirmed deceased after June 30, 2005, had been identified and recovered;**
It has not been recovered because it occurred within our pharmacy audit three day grace period.

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- **Work with SSA to determine whether the 15 recipients whose status could not be verified are deceased.**
Agree. A manual review was conducted on the 15 recipients whose status could not be verified through Vital Records Registry and appropriate action was taken on each.

In summary, Louisiana does not disagree with the OIG recommendations and we are in the process of implementing those recommendations.

Please contact Joe Kopsa at 225-219-4150 if you have any questions.

Sincerely,


Jerry Phillips
Medicaid Director

JLP/JK/dv