



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region VI  
1100 Commerce Street, Room 632  
Dallas, TX 75242

May 20, 2011

Report Number: A-06-10-00076

Mr. Don Gregory  
Medicaid Director  
Louisiana Department of Health and Hospitals  
P.O. Box 91030  
Baton Rouge, LA 70821-9030

Dear Mr. Gregory:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Louisiana Medicaid Inpatient Hospital Family Planning Services*. We will forward a copy of this report to the HHS action official noted below.

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 direct them to the HHS action official. Please refer to report number A-06-10-00076 in all correspondence.

Sincerely,

/Patricia Wheeler/  
Regional Inspector General  
for Audit Services

Enclosure

**HHS Action Official:**

Ms. Jackie Garner  
Consortium Administrator  
Consortium for Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
233 North Michigan Avenue, Suite 600  
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Department of Health & Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF LOUISIANA  
MEDICAID INPATIENT HOSPITAL  
FAMILY PLANNING SERVICES**



Daniel R. Levinson  
Inspector General

May 2011  
A-06-10-00076

# *Office of Inspector General*

<http://oig.hhs.gov>

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# *Notices*

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**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
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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.

## **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.

## INTRODUCTION

### BACKGROUND

#### Medicaid Program

Pursuant to Title XIX of the Social Security Act (the 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 Medicaid 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.

Pursuant to section 1905(b) of the Act, the Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income. Although FMAPs are adjusted annually for economic changes in the States, Congress may increase FMAPs at any time.

#### Medicaid Coverage of Family Planning Services

Section 1905(a)(4)(C) of the Act requires States to furnish "... family planning services and supplies ... to individuals of child-bearing age (including minors who can be considered to be sexually active) who are eligible under the State plan and who desire such services and supplies ...." Section 1903(a)(5) of the Act and 42 CFR § 433.10(c)(1) authorize reimbursement at an enhanced 90-percent Federal reimbursement rate (90-percent rate) for family planning services.

Section 4270 of the CMS *State Medicaid Manual* states that family planning services include those that prevent or delay pregnancy, or otherwise control family size, and may also include infertility treatments. In addition, this provision generally allows the 90-percent rate for the following items and services: counseling services and patient education; examination and treatment by medical professionals pursuant to States' requirements; devices to prevent conception; and infertility services, including sterilization reversals.

Federal reimbursement at the 90-percent rate is not available for procedures performed for medical reasons, such as removal of an intrauterine device because of infection. Only items and procedures clearly furnished or performed for family planning purposes may be reimbursed at the 90-percent rate.

#### Louisiana's Medicaid Program

In Louisiana, the Department of Health and Hospitals (State agency) administers the Medicaid program and is responsible for reporting expenditures for Federal reimbursement. During the audit period, from October 1, 2007, through September 30, 2009, the State agency claimed \$5,416,577 (\$4,874,919 Federal share) for inpatient hospital family planning services at the 90-

percent rate. The State agency's FMAP ranged from 72.47 percent to 80.75 percent for claims paid during that period.

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine whether the State agency properly claimed reimbursement at the 90-percent rate for inpatient hospital family planning services.

### **Scope**

Our audit period covered October 1, 2007, through September 30, 2009. Our review included all claims that the State agency identified as inpatient hospital family planning services. We did not review the claims in our sample for compliance with Medicaid requirements other than those related to whether the claims qualified for the 90-percent rate as family planning services.

We did not perform an overall assessment of the State agency's internal controls for claiming costs for Federal reimbursement. We limited our review of internal controls to gaining an understanding of the State agency's procedures for claiming Federal reimbursement for family planning services. We performed fieldwork at the State agency in Baton Rouge, Louisiana.

### **Methodology**

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations;
- held discussions with State agency officials to ascertain the State's policies, procedures, and methodology for claiming Medicaid reimbursement for family planning services;
- obtained and reviewed claims data for inpatient family planning services that were paid from October 1, 2007, through September 30, 2009;
- reconciled the amounts claimed for Federal reimbursement at the 90-percent rate for inpatient family planning services on the Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program, with claim data;
- selected a stratified random sample of 100 claims classified as inpatient hospital family planning services that were paid from October 1, 2007, through September 30, 2009, from a population of 5,208 such claims (see the Appendix); and
- obtained and reviewed the medical records for the sample claims to determine whether the services met the requirements for the 90-percent rate.

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.

## **RESULTS OF REVIEW**

The State agency generally claimed reimbursement at the 90-percent rate for inpatient hospital family planning services properly. Of the 100 claims in our sample, 93 claims pertained to family planning services that were not performed for other medical reasons. However, the remaining seven claims were not eligible for enhanced reimbursement because they did not contain family planning services, or the services were performed for other medical reasons. The overpayment for these seven claims, which is the difference between the amount the State agency claimed at the 90-percent rate and the amount it should have claimed at the FMAPs that were in effect during the period under review, was immaterial. Accordingly, this report contains no findings or recommendations.

# **APPENDIX**

## **APPENDIX: SAMPLE DESIGN AND METHODOLOGY**

### **POPULATION**

The population consisted of all inpatient hospital claims for Louisiana Medicaid recipients that were equal to or greater than \$100 and that were paid and subsequently reported on the Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program, for family planning services in Federal fiscal years 2008 and 2009.

### **SAMPLING FRAME**

The sampling frame was an Excel spreadsheet listing 5,208 Medicaid family planning claims.

The State agency provided us with electronic files containing all Medicaid claims classified as family planning claims that were paid from October 1, 2007, through September 30, 2009. To determine the sampling frame for this sample, we extracted from the electronic files all the claims with cost centers associated with inpatient hospital claims. We then removed all the claims for which Medicaid paid less than \$100.

### **SAMPLE UNIT**

The sample unit was a paid claim.

### **SAMPLE DESIGN**

We used a stratified random sample.

Stratum 1: \$100 to \$2,999 – 3,066 claims

Stratum 2: \$3,000 to \$5,999 – 1,817 claims

Stratum 3: \$6,000 to \$50,000 – 316 claims

Stratum 4: Over \$50,000: all male clients, female clients over 55 – 9 claims

### **SAMPLE SIZE**

We selected a sample of 100 claims: 30 claims from Stratum 1, 31 claims from Stratum 2, 30 claims from Stratum 3, and all 9 claims from Stratum 4.

### **SOURCE OF RANDOM NUMBERS**

We generated the random numbers using Office of Inspector General, Office of Audit Services, statistical software.

## **METHOD OF SELECTING SAMPLE ITEMS**

We consecutively numbered the sample units in each stratum. After generating 30 random numbers for Stratum 1, 31 for Stratum 2, and 30 for Stratum 3, we selected the corresponding frame items. We selected all 9 claims in Stratum 4.