

Report in Brief

Date: November 2017
Report No. A-06-16-05004



Why OIG Did This Review

Texas Medicaid pays managed care organizations (MCOs) to provide covered health care services in return for a monthly fixed payment for each enrolled beneficiary (capitated payment). Previous OIG work found that States had made Medicaid fee-for-service and capitation payments for deceased beneficiaries. Our preliminary review of current data indicated that Texas MCOs may be receiving capitation payments for beneficiaries that died before the first day of the month for which the payment was made.

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

How OIG Did This Review

We selected Texas Medicaid beneficiaries who were listed as deceased as of December 31, 2012, in the Social Security Administration (SSA) Death Master File and had payments made on their behalf to MCOs between January 1, 2013, and December 31, 2015. We compared the dates of death noted in the Texas Medicaid eligibility system or the State Bureau of Vital Statistics records to SSA's dates of death to confirm whether the beneficiaries were deceased. For the deceased beneficiaries, we determined whether Texas Medicaid had already recovered the capitation payments made after the beneficiary's deaths. If the State had no evidence proving a beneficiary's death, we set those capitation payments aside as inconclusive.

Texas Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death

What OIG Found

Texas Medicaid did not always stop making capitation payments after a beneficiary's death, despite its efforts to identify and recover any unallowable payments. Specifically, Texas Medicaid paid \$6.4 million for 8,496 capitation payments made between January 1, 2013, and December 31, 2015, for beneficiaries with death dates reported as prior to this period. Though some payments were recovered, we determined that \$1.8 million is yet to be recovered and that \$840,587 was paid for beneficiaries who we could not determine to be deceased.

What OIG Recommends and Texas Medicaid Comments

We recommend that Texas Medicaid (1) identify and recover unallowable payments totaling \$1.8 million from MCOs and refund \$1 million (Federal share) to the Federal Government, (2) review capitation payments before and after our audit period for additional unallowable payments for the deceased beneficiaries, (3) work with SSA to determine whether the 77 beneficiaries whose status could not be verified are deceased and recover any unallowable payments, and (4) strengthen its policies and procedures for identifying deceased beneficiaries and denying Medicaid benefits and ending eligibility to prevent future unallowable payments

Texas Medicaid agreed with our findings and provided information on actions that it had taken or planned to take to address our recommendations.