



FEB 14 2008

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

Report Number: A-07-07-04078

Deborah E. Scott
Director
Missouri Department of Social Services
Broadway State Office Building
P.O. Box 1527
Jefferson City, Missouri 65102-1527

Dear Ms. Scott:

Enclosed is the U.S. Department of Health and Human Services, Office of Inspector General (OIG), final report entitled "Medicaid Payments for Services Provided to Beneficiaries With Concurrent Eligibility in Missouri and Kansas for July 1, 2005, Through June 30, 2006." 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.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, within 10 business days after the final report is issued, it will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (816) 426-3591, or contact James Korn, Audit Manager, at (303) 844-7153 or through e-mail at James.Korn@oig.hhs.gov. Please refer to report number A-07-07-04078 in all correspondence.

Sincerely,

Patrick J. Cogley
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to 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
Chicago, Illinois 60601

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**MEDICAID PAYMENTS FOR SERVICES
PROVIDED TO BENEFICIARIES WITH
CONCURRENT ELIGIBILITY IN
MISSOURI AND KANSAS FOR
JULY 1, 2005, THROUGH
JUNE 30, 2006**

**MISSOURI DEPARTMENT OF
SOCIAL SERVICES**



Daniel R. Levinson
Inspector General

February 2008
A-07-07-04078

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. 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. The Missouri Department of Social Services (State agency) manages the Missouri Medicaid program.

Medicaid eligibility in each State is based on residency. If a resident of one State subsequently establishes residency in another State, the beneficiary's Medicaid eligibility in the previous State should end. The State Medicaid agencies must redetermine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months. The State Medicaid agencies must have procedures designed to ensure that beneficiaries make timely and accurate reports of any change in circumstances that may affect their eligibility. The State Medicaid agencies must promptly redetermine eligibility when they receive information about changes in a beneficiary's circumstances that may affect eligibility.

For the audit period of July 1, 2005, through June 30, 2006, the State agency paid approximately \$1.4 million on behalf of beneficiaries who were Medicaid-eligible and receiving Medicaid benefits in Missouri and Kansas.

OBJECTIVE

The objective of our review was to determine whether the State agency made payments on behalf of beneficiaries who should not have been Medicaid-eligible due to their eligibility in Kansas.

SUMMARY OF FINDINGS

For the period of July 1, 2005, through June 30, 2006, we estimate that the State agency paid \$82,602 (\$50,994 Federal share) on behalf of beneficiaries who should not have been eligible due to their Medicaid eligibility in Kansas. From a statistical random sample of 100 beneficiary-months, totaling \$155,381 in Medicaid services, the State agency made payments for 29 beneficiary-months totaling \$9,505 for services provided to beneficiaries who should not have been eligible to receive Medicaid benefits in Missouri. The remaining 71 payments were for services to beneficiaries who were eligible to receive the benefit. We attribute the Medicaid payments made on behalf of beneficiaries who were not eligible in Missouri to the insufficient sharing of eligibility data between the State agency and Kansas's Medicaid agency.

RECOMMENDATIONS

We recommend that the State agency work with the Kansas Medicaid agency to share available Medicaid eligibility information for use in:

- determining accurate beneficiary eligibility status and
- reducing the amount of payments, estimated to be \$82,602 (\$50,994 Federal share), made on behalf of beneficiaries residing in Kansas.

STATE AGENCY'S COMMENTS

In written comments on our draft report, the State agency concurred with our first recommendation. However, the State agency did not concur with our second recommendation, stating there was insufficient evidence to show the beneficiaries were ineligible in Missouri and residents in Kansas. The State agency also based its nonconcurrence on Federal regulations (42 CFR § 431.206 and 431.211) that require the State agency to provide adequate notice to the beneficiary at least 10 days prior to discontinuing benefits unless the State agency verifies that the beneficiary has moved and is eligible for Medicaid in another state.

The State agency's comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL'S RESPONSE

After reviewing the State agency's comments, we continue to support our findings and recommendations.

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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. The Missouri Department of Social Services (State agency) manages the Missouri Medicaid program.

Medicaid eligibility in each State is based on residency. If a resident of one State subsequently establishes residency in another State, the beneficiary's Medicaid eligibility in the previous State should end. The State Medicaid agencies must redetermine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months. The State Medicaid agencies must have procedures designed to ensure that beneficiaries make timely and accurate reports of any change in circumstances that may affect their eligibility. The State Medicaid agencies must promptly redetermine eligibility when they receive information about changes in a beneficiary's circumstances that may affect eligibility.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The objective of our review was to determine whether the State agency made payments on behalf of beneficiaries who should not have been Medicaid-eligible due to their eligibility in Kansas.¹

Scope

For the audit period of July 1, 2005, through June 30, 2006, we identified 869 beneficiary-months² with payments totaling approximately \$1.4 million made, by the State agency, on behalf of beneficiaries who were Medicaid-eligible and receiving Medicaid benefits in Missouri and Kansas. From this universe, we selected a statistical random sample of 100 beneficiary-months with payments totaling \$155,381.

We did not review the overall internal control structure of the State agency. We limited our internal control review to obtaining an understanding of the procedures used to identify Medicaid-eligible individuals who moved from Missouri and enrolled in the Kansas Medicaid program.

¹A separate report will be issued to the Kansas Health Policy Authority to address payments made on behalf of beneficiaries who should not have been Medicaid-eligible in Kansas due to their eligibility in Missouri.

²A beneficiary-month included all payments for Medicaid services provided to one beneficiary during one month.

We performed our fieldwork at the State agency offices in Jefferson City, Missouri, from January through May 2007.

Methodology

To accomplish our audit objective, we obtained eligibility data from the Missouri and Kansas Medicaid Management Information Systems (MMIS)³ for the period of July 1, 2005, through June 30, 2006. We matched Social Security numbers and dates of birth from Missouri's and Kansas's MMIS data to identify 8,011 beneficiaries who were concurrently Medicaid-eligible in the two States.

The State agency provided the MMIS payment data files for the beneficiaries with concurrent Medicaid eligibility and payments with dates of services that occurred during the 12-month period. For each beneficiary who was Medicaid-eligible and receiving Medicaid benefits in both Missouri and Kansas, we combined all dates of service for a single beneficiary-month and matched the payment data files, between States, by Social Security number, date of birth, and month of service.

We used the Office of Inspector General, Office of Audit Services's statistical sample software RATS-STATS's random number generator to select 100 random beneficiary-months with paid dates of services in both Missouri and Kansas. In Missouri, the statistical sample included payments totaling \$155,381. The selected beneficiary-months were for services provided on behalf of beneficiaries with Medicaid eligibility in both States during the same month. See the Appendix for more information regarding the sampling methodology.

We used the State agency's MMIS data to verify that the beneficiaries were enrolled in the Medicaid program and that payments were made to providers. In addition, for each of the 100 beneficiary-months, we reviewed the Medicaid application files and other supporting documentation in both States to determine which State agency had established the appropriate Medicaid eligibility based on permanent residency for the sampled month. Based on the sample results, we estimated the total amount of payments that the State agency paid on behalf of beneficiaries who should not have been Medicaid-eligible.

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 objectives.

³MMIS is a mechanized claims processing and information retrieval system that States are required to use to record Title XIX program and administrative costs, report services to beneficiaries, and report selected data to CMS.

FINDINGS AND RECOMMENDATIONS

For the period of July 1, 2005, through June 30, 2006, we estimate that the State agency paid \$82,602 (\$50,994 Federal share) on behalf of beneficiaries who should not have been eligible due to their Medicaid eligibility in Kansas. From a statistical random sample of 100 beneficiary-months, totaling \$155,381 in Medicaid services, the State agency made payments for 29 beneficiary-months totaling \$9,505 for services provided to beneficiaries who should not have been eligible to receive Medicaid benefits in Missouri. The remaining 71 payments were for services to beneficiaries who were eligible to receive the benefit. We attribute the Medicaid payments made on behalf of beneficiaries who were not eligible in Missouri to the insufficient sharing of eligibility data between the State agency and Kansas's Medicaid agency.

PAYMENTS ON BEHALF OF CONCURRENTLY ELIGIBLE BENEFICIARIES

We estimate that the State agency paid approximately \$82,602 (\$50,994 Federal share) for services on behalf of beneficiaries who should not have been eligible to receive Medicaid benefits due to their eligibility in Kansas.

Federal and State Requirements

Federal regulation 42 CFR § 435.403(j)(3) states, "The agency may not deny or terminate a resident's Medicaid eligibility because of that person's temporary absence from the State if the person intends to return when the purpose of the absence has been accomplished, unless another State has determined that the person is a resident there for purposes of Medicaid." (Emphasis added.)

Federal regulation 42 CFR § 435.916 provides that the State agencies must redetermine the eligibility of Medicaid beneficiaries, with respect to circumstances that may change, at least every 12 months. The State agencies must have procedures designed to ensure that beneficiaries make timely and accurate reports of any change in circumstances that may affect their eligibility. The State agencies must promptly redetermine eligibility when they receive information of changes in beneficiaries' circumstances that may affect their eligibility.

Each State agency has specific criteria defining eligibility and residency. The Missouri State plan states that Medicaid should be granted to eligible applicants who, among other requirements, are residents of Missouri.

The Medicaid application is a way to notify State agencies of changes in a beneficiary's residency status. For example, the Missouri assistance application directs beneficiaries to claim whether they are residents of Missouri and informs them of the responsibility to report to the State agency within 10 days any change in circumstances that would affect their eligibility for assistance.

Beneficiaries With Concurrent Eligibility

From a statistical random sample of 100 beneficiary-months, totaling \$155,381 in Medicaid services, the State agency made payments for 29 beneficiary-months totaling \$9,505 for services provided to beneficiaries who should not have been eligible to receive Medicaid benefits in Missouri.

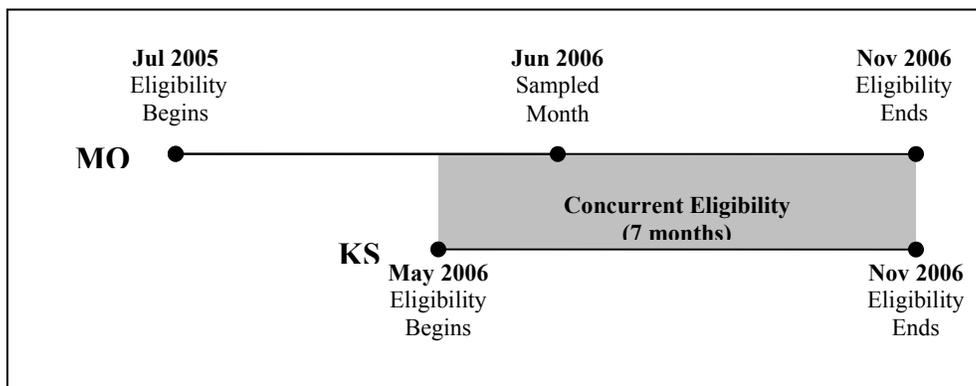
Summary of Sampled Beneficiary-Month Payments

Type of Payment	Beneficiary Months	Amount Paid
Allowable (Eligible Beneficiaries)	71	\$145,876
Unallowable (Beneficiaries Who Should Not Have Been Eligible)	29	9,505
Totals	100	\$155,381

Medicaid application files and other supporting documentation indicated that the State agency made payments for services on behalf of beneficiaries who were no longer Missouri residents during the 29 beneficiary-months.

In one example, a beneficiary, associated with a payment for one of the unallowable sampled beneficiary-months, moved from Missouri and established residency in Kansas. The Missouri beneficiary eligibility period was July 2005 through November 2006. The Kansas eligibility period was May 2006 through November 2006. Exhibit 1 depicts the period of concurrent eligibility for this instance.

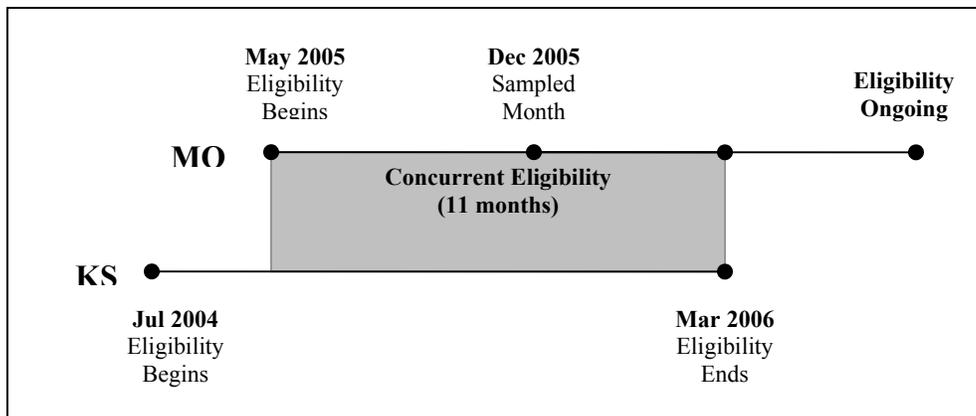
Exhibit 1. Period of Concurrent Eligibility for an Unallowable Sampled Beneficiary-Month



Kansas Medicaid records indicated that the beneficiary moved from Missouri and established residency in Kansas in May 2006. However, Missouri Medicaid records did not contain any information that the beneficiary notified the State agency of the change in residency. Because the beneficiary was not a Missouri resident, the State agency should not have made the Medicaid payments on behalf of the beneficiary for the sampled beneficiary-month (June 2006).

In contrast, a different beneficiary, associated with a payment for an allowable sampled beneficiary-month, moved from Kansas and established residency in Missouri. The Missouri eligibility period started in May 2005 and the beneficiary was still eligible for Medicaid benefits at the time of our fieldwork. The Kansas beneficiary eligibility period was July 2004 through March 2006. Exhibit 2 depicts the period of concurrent eligibility for this instance.

Exhibit 2. Period of Concurrent Eligibility for an Allowable Sampled Beneficiary-Month



Missouri Medicaid records document that the beneficiary moved from Kansas and established residency in Missouri prior to the sampled beneficiary-month (December 2005). As a result, the Medicaid payments made by the State agency on behalf of the beneficiary for the sampled beneficiary-month (December 2005) were allowable.

INSUFFICIENT SHARING OF ELIGIBILITY DATA

We attribute the payments for services provided to beneficiaries who should not have been Medicaid-eligible to the insufficient sharing of eligibility data between Missouri and Kansas. Although Missouri sometimes coordinated beneficiary eligibility with Kansas, the State agency did not promptly and systemically identify all changes in beneficiary eligibility and residency.

RECOMMENDATIONS

We recommend that the State agency work with the Kansas Medicaid agency to share available Medicaid eligibility information for use in:

- determining accurate beneficiary eligibility status and

- reducing the amount of payments, estimated to be \$82,602 (\$50,994 Federal share), made on behalf of beneficiaries residing in Kansas.

STATE AGENCY’S COMMENTS

In written comments on our draft report, the State agency concurred with our first recommendation. However, the State agency did not concur with our second recommendation, stating there was insufficient evidence to show the beneficiaries were ineligible in Missouri and residents in Kansas. The State agency also based its nonconcurrence on Federal regulations (42 CFR § 431.206 and 431.211) that require the State agency to provide adequate notice to the beneficiary at least 10 days prior to discontinuing benefits unless the State agency verifies that the beneficiary has moved and is eligible for Medicaid in another state. On this basis, the State agency concluded that “the Missouri case cannot be closed until advance notice has been given to the participant.”

The State agency’s comments are included in their entirety as Appendix B.

OFFICE OF INSPECTOR GENERAL’S RESPONSE

After reviewing the State agency’s comments, we continue to support our findings and recommendations.

With respect to the State agency’s nonconcurrence with our second recommendation, we provided the State agency officials, both during our fieldwork and after we issued the draft report, a summary spreadsheet identifying the 29 specific cases in error. We invited the State agency to review the information on the spreadsheet to determine whether it had any evidence that any of the 29 beneficiaries were residents of Missouri during the applicable timeframes.

The spreadsheet was derived from our review of documentation from both the Missouri and the Kansas State agencies’ Medicaid case files. Based on our review of the evidence in each of the State agencies’ Medicaid case files, we concluded that these 29 beneficiaries were ineligible in Missouri and were residents in Kansas. The Missouri State agency did not provide any evidence to refute this conclusion. While we did not provide the State agency with the detailed documentation from the Kansas Medicaid agency’s case files which shows that these 29 beneficiaries resided in Kansas, the Missouri State agency has agreed – in its written comments on our draft report – to work with the Kansas Medicaid agency to share eligibility information. Accordingly, the Missouri State agency can obtain the specific information from the Kansas Medicaid agency for these 29 beneficiaries. If requested, we could also make available the detailed information related to the 29 beneficiaries.

With respect to the State agency’s reference to Federal requirements for advance notice of discontinuation of benefits, we refer to Federal regulations at 42 CFR § 431.213(e), which state if the State agency determines that the beneficiary has been accepted for Medicaid services in another State, advance notice to terminate benefits is not required.

APPENDIXES

SAMPLING METHODOLOGY

POPULATION

The population included beneficiary-months for services provided on behalf of Medicaid beneficiaries with concurrent eligibility in Missouri and Kansas during the audit period of July 1, 2005, through June 30, 2006. The universe consisted of 869 beneficiary-months totaling \$1,428,042 in Medicaid payments for services provided to beneficiaries in Missouri.

SAMPLE DESIGN

We used a statistical random sample for this review. We used the Office of Inspector General, Office of Audit Services' statistical sampling software RATS-STATS to select the random sample.

RESULTS OF SAMPLE

The results of our review are as follows:

Number of Beneficiary-Months	Sample Size	Value of Sample	Number of Errors	Value of Errors
869	100	\$155,381	29	\$9,505

Based on the errors found in the sample data, the point estimate is \$82,602 with a lower limit at the 90% confidence level of \$35,443. The precision of the 90% confidence interval is plus or minus \$47,159 or 57.09%.



**MISSOURI
DEPARTMENT OF SOCIAL SERVICES**

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January 24, 2008

Patrick J. Cogley
Regional inspector General for Audit Services
Department of Health and Human Services
Region VII
601 East 12th Street, Room 284A
Kansas City, MO 64106

Dear Mr. Cogley:

This is in response to your December 13, 2007 request for comment on the U.S. Department of Health and Human Services, Office of Inspector General (OIG) draft report entitled "Medicaid Payments for Services Provided to Beneficiaries With Concurrent Eligibility in Missouri and Kansas for July 1, 2005 Through June 30, 2006," report number A-07-07-04078. For ease of reference the recommendations have been repeated with the Missouri Department of Social Services response.

Recommendation: Work with the Kansas Medicaid agency to share available Medicaid eligibility information for use in determining accurate beneficiary eligibility status.

Response: We concur with this recommendation. Missouri Family Support Division will contact the Kansas Medicaid agency to initiate the discussion.

Recommendation: Work with the Kansas Medicaid agency to share available Medicaid eligibility information for use in reducing the amount of payments, estimated to be \$82,602 (\$50,994 Federal share), made on behalf of beneficiaries residing in Kansas.

Response: We do not concur with this recommendation. Additional documentation related to the beneficiaries included in the review sample was received from your office on January 8, 2008. Our disagreement with the OIG's recommendation is based on an analysis of this documentation and our interpretation of federal regulation as follows:

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services provided on a nondiscriminatory basis

- There is insufficient evidence to show these beneficiaries were ineligible for Medicaid in Missouri;
- There is insufficient evidence to show these beneficiaries were residents of Kansas while receiving Medicaid in Missouri; and
- Advance notice requirements set out in 42 CFR Sections 431.206 and 431.211 require that the State Medicaid agency provide adequate notice to the Medicaid participant at least 10 days prior to discontinuing benefits unless the new State Medicaid agency verifies the beneficiary moved there and is eligible for Medicaid in that State. Therefore, the Missouri case cannot be closed until advance notice has been given to the participant.

Please contact Ian McCaslin, M.D., M.P.H., Director, MO HealthNet Division at 573-751-6922 if you have additional questions.

Sincerely,



Deborah E. Scott
Director

DES:fs