

## Report in Brief - FINAL

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

The Patient Protection and Affordable Care Act (ACA) gave States the option to expand Medicaid coverage to low-income adults without dependent children and established a higher Federal reimbursement rate for services provided to these newly eligible beneficiaries. If these beneficiaries' eligibility had been incorrectly determined, payments made on their behalf (1) would have been reimbursed at a higher rate than they should have been or (2) should not have been reimbursed at all. This review is part of an ongoing series of reviews of newly eligible beneficiaries.

Our objective was to determine whether Colorado made Medicaid payments on behalf of newly eligible beneficiaries who did not meet Federal and State eligibility requirements under the ACA.

### How OIG Did This Review

We reviewed a simple random sample of 60 newly eligible beneficiaries who received Medicaid-covered services from January 2014 through September 2015 (audit period). We reviewed supporting documentation to evaluate whether Colorado determined the applicants' eligibility in accordance with Federal and State requirements (e.g., income, citizenship or lawful presence, and other relevant requirements).

## Colorado Did Not Correctly Determine Medicaid Eligibility for Some Newly Enrolled Beneficiaries

### What OIG Found

Colorado made Medicaid payments on behalf of newly eligible beneficiaries who did not meet, or who may not have met, Federal and State eligibility requirements. Colorado correctly determined eligibility and, therefore, correctly claimed Federal Medicaid reimbursement, on behalf of 43 of the 60 beneficiaries in our statistical sample. However, of the remaining 17 beneficiaries whom Colorado determined to be newly eligible for Medicaid, 14 were ineligible and 4 may have been ineligible. We estimated that the financial impact of the incorrect eligibility determinations made by Colorado totaled at least \$66.5 million on behalf of 85,085 ineligible beneficiaries and at least \$26.8 million on behalf of 13,372 potentially ineligible beneficiaries.

These deficiencies occurred because Colorado did not always follow written policies and procedures when making eligibility determinations and because of system and procedural errors related to eligibility determinations, as well as human errors made by Colorado staff and caseworkers.

### What OIG Recommends and Colorado Comments

We recommend that Colorado redetermine, as appropriate, the current Medicaid eligibility status of the sampled beneficiaries. We also make other procedural recommendations regarding improvements to the design, functionality, and accuracy of Colorado's eligibility determination system.

Colorado agreed with our recommendations and said that it had already implemented the necessary changes to correct the system and coding errors we identified. Colorado said that our review was duplicative of other Federal and State reviews and added that because Colorado had identified and addressed the errors before our audit, it did not need to take additional action. Colorado also said that our sample size was too small and questioned our statistical sampling and projection methodology.

We maintain that all of our findings and recommendations remain valid. We disagree that Colorado had identified and addressed, before our audit, the system errors we describe in this report. For many of the findings, we did not find evidence of corrective actions relevant to the findings, and Colorado did not identify or otherwise provide evidence that it had already taken corrective actions. Additionally, in other types of audits, small sample sizes and other aspects of the sampling methodology have routinely been upheld by Federal courts.