

## Report in Brief

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Report No. A-07-17-02807

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



### Why OIG Did This Audit

In 2010, Congress passed the Patient Protection and Affordable Care Act (ACA). The ACA established enhanced Federal reimbursement rates for services provided to nondisabled, low-income adults without dependent children (new adult group). The enhanced reimbursement rates established under the ACA have raised concerns about the possibility that States could improperly enroll individuals for Medicaid coverage in the new adult group and, as a consequence, the potential for improper payments.

Our objective was to determine whether Colorado properly claimed reimbursement for Medicaid services provided from January 1, 2014, through September 30, 2015, to beneficiaries who were enrolled in the new adult group but who later became ineligible for Medicaid coverage.

### How OIG Did This Audit

Our audit covered almost 580,000 newly eligible beneficiaries for whom Colorado received \$2.2 billion in enhanced Federal reimbursement during our audit period. To identify terminated beneficiaries, we matched Medicaid claim data from Colorado's Medicaid Management Information System (MMIS) to eligibility span data that showed the timespan(s) for which each beneficiary was eligible; no eligibility spans would exist for the timespans in which a beneficiary was not eligible for Medicaid.

## Colorado Improperly Claimed Millions in Enhanced Federal Medicaid Reimbursement for New Adult Group Beneficiaries Because of a Data Processing Error

### What OIG Found

Colorado claimed reimbursement for Medicaid services provided from January 1, 2014, through September 30, 2015, to some beneficiaries who were enrolled in the new adult group but who later became ineligible for Medicaid coverage. As a result, Colorado improperly claimed and received over \$1.9 million in Federal reimbursement for these beneficiaries past the termination dates of their Medicaid eligibility.

Colorado properly terminated 1,543 beneficiaries' eligibility in the Colorado Benefits Management System (CBMS), which determines Medicaid eligibility and interfaces with other automated systems, but erroneously kept them as eligible in the MMIS. The beneficiaries' eligibility was not terminated in the MMIS because of a data processing error in which eligibility data from the CBMS did not always transfer correctly to the MMIS through the normal automated process. Although the CBMS interfaced with the MMIS, for some beneficiaries a change in eligibility determination from eligible to ineligible that occurred in the CBMS did not transfer correctly to the MMIS.

### What OIG Recommends and Colorado Comments

We recommend that Colorado (1) refund to the Federal Government the over \$1.9 million in improperly claimed Medicaid reimbursement, (2) identify and refund to the Federal Government any payments made on behalf of ineligible beneficiaries for whom services after our audit period were claimed and reimbursed past the termination dates of their eligibility, and (3) establish adequate system controls that ensure that eligibility determinations transfer correctly from the CBMS to the MMIS to prevent payments from being made on behalf of ineligible beneficiaries.

Colorado disagreed with our first two recommendations and agreed with our third recommendation. For all three recommendations, Colorado said that it did not need to take additional action because the issues affecting eligibility determinations and the resulting claims payments had already been identified and addressed before our audit. We maintain that all of our findings and recommendations remain valid. We disagree that Colorado had already identified and addressed the errors we describe in this report. The errors we identified were data processing errors in Colorado's systems, not eligibility errors.