

Report in Brief

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



Why OIG Did This Audit

Historically, only certain groups of individuals who had incomes and assets below certain thresholds were eligible for Medicaid (traditional coverage groups). After the passage of the Patient Protection and Affordable Care Act (ACA), some beneficiaries remained eligible under these traditional coverage groups. We refer to these beneficiaries as “non-newly eligible beneficiaries.” This audit is part of an ongoing series of OIG audits of States’ Medicaid eligibility determinations. We conducted these audits to address the concern that States might have difficulty accurately determining eligibility for Medicaid beneficiaries.

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

How OIG Did This Audit

We reviewed a stratified random sample of 140 non-newly eligible beneficiaries for whom Medicaid payments were made for services provided from October 2014 through March 2015 (audit period). We reviewed supporting documentation and Colorado’s internal controls to evaluate whether Colorado determined the individuals’ Medicaid eligibility in accordance with Federal and State eligibility requirements (e.g., income and citizenship requirements).

Most of the Non-Newly Eligible Beneficiaries for Whom Colorado Made Medicaid Payments Met Federal and State Requirements, but Documentation Supporting That All Eligibility Requirements Were Verified Properly Was Not Always in Place

What OIG Found

Most of the Medicaid payments that Colorado made during our audit period were on behalf of non-newly eligible beneficiaries who met Federal and State eligibility requirements. However, Colorado made Medicaid payments on behalf of some non-newly eligible beneficiaries who may not have met Federal and State eligibility requirements. Colorado correctly determined eligibility and, therefore, correctly claimed Federal Medicaid reimbursement, on behalf of 135 of the 140 beneficiaries in our statistical sample. For the remaining five beneficiaries, Colorado had no documentation (specifically, that it had performed annual verifications of resources) to support that all eligibility requirements were verified properly during redeterminations as required by Federal and State regulations and by Colorado’s State Medicaid plan. Although Colorado had policies and procedures in place, it did not always follow them to ensure that redeterminations were properly documented.

On the basis of our sample results, we estimated that Colorado made Medicaid payments of at least \$46.7 million (\$23.8 million Federal share) on behalf of at least 3,603 potentially ineligible beneficiaries.

What OIG Recommends and Colorado Comments

We recommend that Colorado redetermine, as appropriate, the current Medicaid eligibility of the potentially ineligible sampled beneficiaries and ensure that (1) all eligibility requirements, including those pertaining to resources, are properly verified during annual redeterminations for all non-newly eligible beneficiaries and (2) information is maintained to support that eligibility determinations were performed in accordance with Federal and State requirements.

Colorado agreed with our recommendations and said that it had already implemented the necessary changes to correct the errors we identified. Colorado said that our audit was duplicative of other Federal and State audits. Colorado also said that our sample size was too small and questioned our statistical sampling and projection methodology. After we reviewed Colorado’s comments, we revised our statistical estimates of potentially improper payments and potentially ineligible beneficiaries to remedy imprecision in reporting the results.