

Report in Brief

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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 complied with Federal and State requirements when claiming Federal Medicaid reimbursement for Medicaid services provided to beneficiaries enrolled in the new adult group.

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 discrepancies in beneficiaries' Medicaid eligibility group status, we matched Medicaid claim data from Colorado's Medicaid Management Information System (MMIS) to eligibility span data provided by the State. To identify beneficiaries enrolled in the new adult group who should have been enrolled in the Transitional Medicaid group, we used MMIS data.

Colorado Claimed Unsupported and Incorrect Federal Medicaid Reimbursement for Beneficiaries Enrolled in the New Adult Group

What OIG Found

Colorado did not always comply with Federal and State requirements when claiming Federal Medicaid reimbursement for Medicaid services provided to beneficiaries enrolled in the new adult group. Specifically, Colorado claimed Medicaid payments at the newly eligible Federal Medical Assistance Percentage (FMAP) on behalf of 33,036 beneficiaries, but it did not have adequate supporting documentation to substantiate that these beneficiaries were eligible for the new adult group. Therefore, Colorado may have incorrectly claimed \$4.1 million on behalf of these beneficiaries. In addition, Colorado claimed the incorrect FMAP for Medicaid payments made on behalf of 6,897 beneficiaries whom it enrolled in the new adult group but who, according to supporting documentation, were eligible for the Transitional Medicaid eligibility group. As a result, Colorado incorrectly received an additional \$1.8 million for services that it claimed on behalf of these beneficiaries.

Colorado did not have adequate system controls to ensure that its claims for Federal Medicaid reimbursement were adequately supported and were claimed at the correct FMAP.

What OIG Recommends and Colorado Comments

We recommend that Colorado (1) update its eligibility determination system by implementing an automatically accessible eligibility history to eliminate the need for manual interventions to identify eligibility changes in eligibility status, (2) ensure that the MMIS retains all beneficiary eligibility changes and reconcile the data in the MMIS to the data in its eligibility determination system to determine whether discrepancies in eligibility groups are occurring, and (3) ensure that its systems have automated edits to enroll Transitional Medicaid beneficiaries in the correct eligibility group.

Colorado agreed with all of our recommendations and said that if feasible, it would implement an automatic accessible eligibility history. Colorado also described corrective actions that it said it had already implemented to address the system controls issues related to the findings in this report. Colorado added that therefore, it did not need to take additional action based on these findings. We acknowledge the corrective actions to which Colorado referred. Although Colorado described actions that it said it had implemented to address the system controls, it did not provide any supporting documentation.