

## Report in Brief

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### Why OIG Did This Audit

Kansas pays Medicaid managed care organizations (MCOs) to make services available to enrolled Medicaid beneficiaries in return for a monthly fixed payment for each enrolled beneficiary (capitation payment). Previous OIG audits found that State Medicaid agencies had improperly paid capitation payments on behalf of deceased beneficiaries.

Our objective was to determine whether Kansas made capitation payments to MCOs on behalf of deceased beneficiaries.

### How OIG Did This Audit

Our audit covered 12,277 capitation payments totaling over \$18.2 million that Kansas made to MCOs and claimed for Federal reimbursement during 2017 through 2019 (audit period) on behalf of beneficiaries whose dates of death, as recorded in one or more of the data sources we consulted, preceded the service periods covered by the monthly capitation payments.

We identified 1,383 capitation payments made on behalf of beneficiaries who had a date of death recorded in Kansas's eligibility system that did not always agree with information in the Social Security Administration's (SSA's) Death Master File (DMF). We also selected a stratified random sample of 100 capitation payments (out of 10,894) made on behalf of beneficiaries who had a date of death recorded in SSA's DMF but who did not have a date of death recorded in Kansas's system.

## Kansas Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths

### What OIG Found

During our audit period, Kansas made unallowable capitation payments to MCOs on behalf of deceased beneficiaries. Kansas made at least \$17.3 million in unallowable capitation payments to MCOs on behalf of beneficiaries whose dates of death preceded the service period covered by the monthly capitation payment, for which it claimed at least \$9.7 million in unallowable Federal reimbursement. Specifically, 1,383 capitation payments totaling \$2.7 million (\$1.5 million Federal share), made on behalf of deceased beneficiaries who had a date of death in Kansas's eligibility system that did not always agree with the information in the DMF, were unallowable. Further, 100 capitation payments in our stratified random sample, totaling \$192,991 (\$108,657 Federal share), made on behalf of beneficiaries who had a date of death recorded in the DMF but who did not have a date of death in Kansas's system, were unallowable. On the basis of our sample results, we estimated that Kansas made unallowable capitation payments totaling at least \$14.6 million (at least \$8.2 million Federal share). In addition, Kansas had previously overreported capitation payments totaling over \$2 million (\$1.2 million Federal share) that were related to prior-period adjustments.

### What OIG Recommends and Kansas Comments

We recommend that Kansas: (1) refund at least \$10.9 million to the Federal Government; (2) recover unallowable capitation payments totaling almost \$2.7 million that were made to MCOs on behalf of deceased beneficiaries who did have a date of death recorded in Kansas's system; (3) identify and recover unallowable capitation payments made to MCOs on behalf of deceased beneficiaries who did not have a date of death recorded in Kansas's system, which we estimate to be at least \$14.6 million; and (4) identify and recover unallowable capitation payments made on behalf of deceased beneficiaries before and after our audit period and repay the Federal share of any amounts recovered. We make additional procedural recommendations for the strengthening of internal controls and policies and procedures regarding accurate and timely updates to Kansas's eligibility system and the accurate reporting of all Medicaid expenditures, to include prior-period adjustments.

Kansas did not directly address our recommendations but stated that our analysis resulted in legitimate findings of incorrect capitation payments. Kansas also described corrective actions it had taken or planned to take, to include reviewing and reconciling data and performing automated and manual refunds, creating a task force to address our recommendations, and implementing monitoring and senior leadership oversight activities.