

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**MISSOURI PROPERLY CONVERTED  
PROVISIONALLY ENROLLED  
MEDICAID PROVIDERS TO  
PERMANENT PROVIDERS**

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**November 2021  
A-07-21-03248**

# *Office of Inspector General*

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## Report in Brief

Date: November 2021

Report No. A-07-21-03248

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



### Why OIG Did This Audit

In response to the COVID-19 pandemic, the Secretary of HHS temporarily waived certain Medicaid provider enrollment requirements.

Loosening of provider screening requirements increases Medicaid vulnerability to fraud by moderate and high-risk providers. Because of the speed with which established provider enrollment requirements have been waived or modified, we believe that the opportunity for abuse of the Medicaid system could result in unallowable billing, duplication of services, breach of confidentiality, identity theft, and ineffective or unsafe care.

Our objectives were to determine whether Missouri: (1) followed up with provisionally enrolled Medicaid providers to ensure that all documentation was obtained according to applicable provider screening and enrollment requirements after regular enrollment practices resumed and (2) had effective controls over the provisional enrollment process during the public health emergency for the period of March 1, 2020, through May 15, 2020.

### How OIG Did This Audit

We selected a stratified random sample of 100 provisionally enrolled providers (of the 1,036 during our audit period) and reviewed their documentation to determine whether they were properly converted to permanent providers or terminated by May 15, 2020.

## Missouri Properly Converted Provisionally Enrolled Medicaid Providers to Permanent Providers

### What OIG Found

Missouri correctly followed up with the provisionally enrolled Medicaid providers to ensure that all documentation was obtained in accordance with applicable provider screening and enrollment requirements, or that the Medicaid provider was terminated, after the regular enrollment practices resumed for all 100 sampled provisionally enrolled Medicaid providers. Missouri's provisional enrollment process involved tracking provisionally enrolled providers on a spreadsheet and terminating them if they did not provide the necessary documents required for a regular enrollment. Because we identified no errors in our sample review, we concluded that Missouri's controls over the provisional enrollment process were effective.

### Missouri Comments

Missouri stated that it was pleased that no findings were identified during our sample review and added that it "remains committed to this level of work."

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## INTRODUCTION

### WHY WE DID THIS AUDIT

In response to the COVID-19 pandemic, on March 13, 2020, under the provisions of section 1135(b) of the Social Security Act, the Secretary of Health and Human Services (HHS) invoked his authority to temporarily waive or modify certain Medicaid requirements during national emergencies. Under this authority and a section 1135 waiver, Medicaid provider enrollment through State Medicaid agencies was temporarily expedited by waiving certain provider screening requirements. Although this waiver provision offers important benefits at a time of national emergency, the rapid loosening of established provider screening and background check requirements could result in operational weakness and ineffective oversight.

Specifically, the loosening of provider screening requirements increases Medicaid vulnerability to fraud by moderate and high-risk providers. Because of the speed with which these established provider enrollment requirements and restrictions have been waived or modified, we believe that the opportunity for abuse of the Medicaid system could result in unallowable billing, duplication of services, breach of confidentiality, identity theft, and ineffective or unsafe care.

### OBJECTIVES

Our objectives were to determine whether the Missouri Department of Social Services (State agency): (1) followed up with provisionally enrolled Medicaid providers to ensure that all documentation was obtained according to applicable provider screening and enrollment requirements after regular enrollment practices resumed and (2) had effective controls over the provisional enrollment process during the public health emergency for the period of March 1, 2020, through May 15, 2020.<sup>1</sup>

### BACKGROUND

#### Medicaid Program

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

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<sup>1</sup> The State agency resumed its regular enrollment practices on May 15, 2020.

## **Federal Requirements for Medicaid Provider Screening and Enrollment**

Federal regulations require State Medicaid agencies to screen all enrolled Medicaid providers. Requirements of this screening process include the verification of provider licenses, site visits, criminal background checks, Federal database checks, and application fees.<sup>2</sup> These requirements vary based on a categorical risk level of “limited,” “moderate,” or “high” (42 CFR part 455, subpart E).

## **State Agency’s Temporary Waiving of Provider Screening and Enrollment Requirements**

The World Health Organization (WHO) declared COVID-19 a global public health emergency on January 30, 2020,<sup>3</sup> and HHS declared a public health emergency for COVID-19 on January 31, 2020.<sup>4</sup> On March 11, 2020, the WHO characterized COVID-19 as a pandemic.

In Missouri, the State agency received a section 1135 waiver, which was effective March 1, 2020, and which could be continued until termination of the public health emergency. This waiver permitted the State agency to forgo the requirements for fingerprint-based criminal background checks, site visits, in-state licensure requirements, and application fees, so the State agency could provisionally enroll providers for the duration of the public health emergency. Even though the COVID-19 public health emergency was ongoing, Missouri resumed its regular enrollment practices according to Federal and State Medicaid rules on May 15, 2020.

## **HOW WE CONDUCTED THIS AUDIT**

During our audit period of March 1, 2020, through May 15, 2020, the State agency had 1,036 provisionally enrolled Medicaid providers. We selected a stratified random sample of 100 from those 1,036 provisionally enrolled Medicaid providers. The State agency gave us the documentation maintained in the provider enrollment files for the provisionally enrolled Medicaid providers in our sample.

We reviewed the documentation for each provider to determine whether the provisionally enrolled Medicaid providers were either properly converted to permanent providers or terminated by the May 15, 2020, date that the State agency established for the end of provisional provider enrollment practices. To ascertain whether the providers were properly

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<sup>2</sup> To determine whether the State agency correctly executed the screening process, we reviewed the documentation that the State agency maintained in its provider enrollment files.

<sup>3</sup> World Health Organization, *WHO Director-General's statement on IHR Emergency Committee on Novel Coronavirus (2019-nCoV)*. Accessed at [https://www.who.int/director-general/speeches/detail/who-director-general-s-statement-on-ih-er-emergency-committee-on-novel-coronavirus-\(2019-ncov\)](https://www.who.int/director-general/speeches/detail/who-director-general-s-statement-on-ih-er-emergency-committee-on-novel-coronavirus-(2019-ncov)) on Oct. 7, 2021.

<sup>4</sup> HHS, *Determination that a Public Health Emergency Exists*. Accessed at <https://www.phe.gov/emergency/news/healthactions/phe/Pages/2019-nCoV.aspx> on Sept. 20, 2021.

converted to permanent Medicaid providers, we reviewed whether: (1) the criminal background checks associated with fingerprint-based criminal background checks were performed, (2) site visits were performed, (3) in-state/territory licensure requirements were met, and (4) the application fee was received.<sup>5</sup>

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains details of our audit scope and methodology and Appendix B contains our statistical sampling methodology.

## **RESULTS OF AUDIT**

The State agency correctly followed up with the provisionally enrolled Medicaid providers to ensure that all documentation was obtained in accordance with applicable provider screening and enrollment requirements, or that the Medicaid provider was terminated, after the regular enrollment practices resumed for all 100 sampled provisionally enrolled Medicaid providers. The State agency's provisional enrollment process involved tracking provisionally enrolled providers on a spreadsheet and terminating them if they did not provide the necessary documents required for a regular enrollment. Because we identified no errors in our sample review, we concluded that the State agency's controls over the provisional enrollment process were effective.

## **STATE AGENCY COMMENTS**

In written comments on our draft report, the State agency stated that it was pleased that no findings were identified during our sample review and added that it "remains committed to this level of work." The State agency's comments appear in their entirety as Appendix C.

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<sup>5</sup> The enrollment requirements can be different depending on the provider types. We reviewed the applicable requirements for each specific provider.

## APPENDIX A: AUDIT SCOPE AND METHODOLOGY

### SCOPE

During our audit period of March 1, 2020, through May 15, 2020, the State agency had 1,036 provisionally enrolled Medicaid providers. We selected a stratified random sample of 100 from those 1,036 provisionally enrolled Medicaid providers.

Our audit objective did not require an understanding or assessment of the State agency's complete internal control structure, and we limited our review of internal controls to those directly related to our objective.

We performed audit work from February to September 2021.

### METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws and Federal and State regulations;
- held discussions with State agency officials to gain an understanding of the provisional Medicaid provider enrollment process;
- obtained from the State agency a list of all provisionally enrolled Medicaid providers enrolled during the period of March 1, 2020, through May 15, 2020;
- selected a stratified random sample of 100 provisionally enrolled Medicaid providers from the sampling frame (Appendix B);
- obtained from the State agency the documentation maintained in the Medicaid provider enrollment files for the 100 sampled provisionally enrolled Medicaid providers;
- reviewed each provider file to determine whether the provider had been appropriately converted to a permanent provider or terminated by May 15, 2020;
- reviewed, for the providers that had been converted to permanent Medicaid providers, documentation in the provider files to determine whether:
  - the criminal background checks associated with fingerprint-based criminal background checks were performed,
  - site visits were performed,

- in-state/territory licensure requirements were met, and
- the application fee was received (footnote 5);
- used the results of the provider file review to evaluate the State agency’s internal control process related to provisionally enrolling providers; and
- shared the results of our audit with State agency officials via email on September 9, 2021.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## APPENDIX B: STATISTICAL SAMPLING METHODOLOGY

### SAMPLING FRAME

The sampling frame consisted of 1,036 provisionally enrolled Medicaid providers during the period of March 1, 2020, through May 15, 2020.

### SAMPLE UNIT

The sample unit was one provisionally enrolled Medicaid provider.

### SAMPLE DESIGN

We used a stratified random sample as follows.

Stratum	Description	Number of Frame Units	Sample Size
1	Terminated Providers <sup>6</sup>	11	11
2	Active Providers	1,025	89
		<b>1,036</b>	<b>100</b>

### SAMPLE SIZE

We selected a sample of 100 provisionally enrolled Medicaid providers as identified in “Sample Design” just above.

### SOURCE OF RANDOM NUMBERS

We generated the random numbers using the Office of Inspector General, Office of Audit Services, statistical software.

### METHOD FOR SELECTING SAMPLE ITEMS

We sorted the items in each stratum by provider National Provider Identifier. We then consecutively numbered the items in each stratum in the sampling frame. After generating the random numbers, we selected the corresponding frame items in each stratum for review.

### ESTIMATION METHODOLOGY

There were no errors identified in the sample, and as a result, no estimates were made.

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<sup>6</sup> Terminated providers are defined as providers with a termination date no later than May 15, 2020.

## **ASSESSMENT MADE ON DATA RELIABILITY**

To determine whether we could reasonably rely on the data provided, we performed logical testing of the data including looking for duplicates.