California Made Medicaid Payments on Behalf of Non-Newly Eligible Beneficiaries Who Did Not Meet Federal and State Requirements

What OIG Found
For our sample of 125 beneficiaries, California made payments on behalf of 60 eligible beneficiaries. However, for the remaining 65 beneficiaries, California made payments on behalf of ineligible beneficiaries (e.g., a beneficiary who did not meet the income requirement for the medically needy coverage group) and potentially ineligible beneficiaries (e.g., beneficiaries for whom there was no documentation to support that California redetermined eligibility as required). On the basis of our sample results, we estimated that California made Medicaid payments of $959.3 million ($536 million Federal share) on behalf of 802,742 ineligible beneficiaries and $4.5 billion ($2.6 billion Federal share) on behalf of 3.1 million potentially ineligible beneficiaries. (These estimates represent Medicaid payments for fee-for-service, managed-care, drug treatment program, and mental health services.) According to California, these deficiencies occurred because (1) the counties experienced “a massive influx of applications for Medicaid and vast changes in policy brought forth by the ACA,” (2) eligibility caseworkers made errors, and (3) system delays occurred during a system conversion.

We also identified a weakness in California’s procedures related to determining eligibility of individuals who may not have intended to apply for Medicaid.

What OIG Recommends and California Comments
We recommend that California redetermine, if necessary, the current Medicaid eligibility of the sampled beneficiaries and ensure that (1) all eligibility requirements are verified properly and annual redeterminations are performed as required, (2) information is maintained in case files to support eligibility determinations, and (3) eligibility determinations are performed only for individuals who apply for Medicaid. The “Recommendations” section in the body of the report lists in detail our recommendations.

California agreed with our findings. California partly agreed with our recommendation regarding beneficiaries determined eligible for Medicaid based on eligibility for another assistance program, but it provided information on actions being taken to address this recommendation. Although California did not explicitly agree or disagree with our other recommendations, it provided information on actions that it had taken or planned to take to address those recommendations.

The full report can be found at https://oig.hhs.gov/oas/reports/region9/91702022.asp.