



SEP 19 2005

Office of Audit Services  
Region I  
John F. Kennedy Federal Building  
Boston, MA 02203  
(617) 565-2684

Report Number: A-01-05-00003

Michael P. Starkowski  
Acting Commissioner  
State of Connecticut  
Department of Social Services  
25 Sigourney Street  
Hartford, Connecticut 06106

Dear Mr. Starkowski:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) report entitled "Audit of Medicaid Payments for Skilled Professional Medical Personnel Reimbursed at Enhanced Rates" for the period October 2002 through September 2003. Should you have any questions or comments concerning the matters commented on in this report, please direct them to the HHS official named below.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), OIG reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

Should you have any questions or comments concerning the matters commented in this report, please do not hesitate to call me or Robert Champagne, Audit Manager, at (860) 240-4479. To facilitate identification, please refer to report number A-01-05-00003.

Sincerely yours,

Michael J. Armstrong  
Regional Inspector General  
for Audit Services

Enclosures – as stated

**Direct Reply to HHS Action Official:**

Charlotte S. Yeh, M.D.  
Regional Administrator  
Centers for Medicare & Medicaid Services – Region I  
Department of Health and Human Services  
Room 2325, JFK Federal Building  
Boston, Massachusetts 02203

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**AUDIT OF CONNECTICUT'S  
MEDICAID PAYMENTS FOR SKILLED  
PROFESSIONAL MEDICAL  
PERSONNEL REIMBURSED AT  
ENHANCED RATES**

**OCTOBER 2002 - SEPTEMBER 2003**



**Daniel R. Levinson  
Inspector General**

**September 2005  
A-01-05-00003**

# *Office of Inspector General*

<http://oig.hhs.gov>

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# *Notices*

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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

## **OAS FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



## **EXECUTIVE SUMMARY**

### **BACKGROUND**

The Social Security Act provides Federal reimbursement to States for the costs of administering their Medicaid State plans. In general, the Federal Government reimburses, or matches, state administrative costs at a rate of 50 percent.

Federal regulations provide an enhanced Medicaid matching rate of 75 percent for administrative costs related to compensating and training skilled professional medical personnel and their supporting staff. To qualify for the enhanced matching rate, skilled professional medical personnel must have completed a 2-year program leading to an academic degree or certificate in a medically related program and perform activities that require their level of professional training and experience.

The Connecticut Department of Social Services (the State agency) claimed Federal reimbursement of \$1,911,380 at the 75 percent enhanced rate for skilled professional medical personnel for the Federal fiscal year that ended September 30, 2003.

### **OBJECTIVE**

Our objective was to determine whether the State agency properly claimed Federal Medicaid funding at the enhanced rate for eligible skilled professional medical personnel.

### **RESULTS OF REVIEW**

Before our on-site review, the State agency had determined that its claim for reimbursement of skilled professional medical personnel for Federal fiscal year 2003 included \$742,517 that was not allowable for the 75 percent enhanced reimbursement rate. These costs were misclassified as a result of problems created by a new accounting system. The State agency reduced its subsequent CMS-64 quarterly statement of expenditures to deduct the costs not allowable at the 75 percent enhanced reimbursement rate.

The remaining costs that the State agency claimed at the 75 percent rate, totaling \$1,168,863 in enhanced reimbursement for the period under review, were allowable at the enhanced rate. We also found that the accounting problems that the State agency encountered have been corrected. As a result, we have no further recommendations.

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## **INTRODUCTION**

### **BACKGROUND**

The Social Security Act provides Federal reimbursement to States for the costs of administering their Medicaid State plans. In general, the Federal Government reimburses, or matches, State administrative costs at a rate of 50 percent.

Federal regulations provide an enhanced Medicaid matching rate of 75 percent for administrative costs related to compensating and training skilled professional medical personnel and their supporting staff. To qualify for the enhanced matching rate, skilled professional medical personnel must have completed a 2-year program leading to an academic degree or certificate in a medically related program and perform activities that require their level of professional training and experience.

The Connecticut Department of Social Services (the State agency) claimed Federal reimbursement of \$1,911,380 at the 75 percent enhanced rate for skilled professional medical personnel for the Federal fiscal year that ended September 30, 2003.

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

#### **Objective**

Our objective was to determine whether the State agency properly claimed Federal Medicaid funding at the enhanced rate for eligible skilled professional medical personnel.

#### **Scope**

We reviewed the State agency's claim for Federal matching funds for skilled professional medical personnel totaling \$1,911,380 for the period October 1, 2002 through September 30, 2003.

Our review was limited to determining whether the enhanced Federal matching funds were allowable. Our review of the State agency's internal controls was limited to obtaining an understanding of the State agency's policies and procedures for claiming skilled professional medical personnel costs.

We conducted our fieldwork at the State agency's Medicaid office in Hartford, Connecticut, from April through July 2005.

#### **Methodology**

To determine if the State agency properly claimed Federal Medicaid funding at the enhanced rate for skilled professional medical personnel, we:

- reviewed applicable Federal regulations and Centers for Medicare & Medicaid Services guidance,
- reviewed State agency procedures for claiming skilled professional medical personnel costs,
- verified that individuals claimed at the enhanced rate had the required professional credentials associated with their job, and
- obtained supporting financial documentation of paid claims from the State agency.

We performed our audit in accordance with generally accepted government auditing standards.

### **RESULTS OF REVIEW**

From October 1, 2002, through September 30, 2003, the State agency claimed enhanced Federal reimbursement of \$1,911,380 for costs related to skilled professional medical personnel. Before our on-site review, the State agency had determined that \$742,517 of this claim was not allowable at the 75 percent enhanced reimbursement rate. These costs were misclassified because of problems related to implementing a new accounting system. The State agency reduced its subsequent CMS-64 quarterly statement of expenditures to deduct the costs not allowable at the 75 percent enhanced reimbursement rate.

The remaining costs that the State agency claimed at the 75 percent rate, totaling \$1,168,863 in enhanced reimbursement for the period under review, were allowable at the enhanced rate. We also found that the accounting problems that the State agency encountered have been corrected. As a result, we have no further recommendations.