

Report in Brief

Date: October 2019

Report No. A-04-18-07079

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



Why OIG Did This Review

Previous Office of Inspector General reviews identified Federal Medicaid reimbursement for managed care payments that were not claimed in compliance with Federal requirements. Specifically, some beneficiaries enrolled in Medicaid managed care had more than one Medicaid identification (ID) number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these beneficiaries.

Our objective was to determine whether the Division of TennCare (Tennessee) made unallowable capitation payments on behalf of beneficiaries who were assigned multiple Medicaid ID numbers.

How OIG Did This Review

Our audit covered approximately \$17.5 billion in capitation payments made to MCOs on behalf of Medicaid beneficiaries in Tennessee for the period January 1, 2015, through December 31, 2017. From the 1,383 beneficiary matches that we identified as being associated with payments totaling approximately \$15.6 million (\$10.1 million Federal share) for which Tennessee claimed Federal reimbursement, we selected and reviewed a stratified random sample of 100.

Tennessee Made Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers

What OIG Found

Tennessee made unallowable capitation payments on behalf of beneficiaries who were assigned multiple Medicaid ID numbers. Of the 100 beneficiary matches in our sample, Tennessee correctly claimed capitation payments on behalf of 87. However, Tennessee incorrectly claimed capitation payments that totaled \$75,738 (\$49,260 Federal share) on behalf of the remaining 13. The improper payments made on behalf of these beneficiaries occurred because Tennessee needed a significantly more complex matching algorithm than the one that it already had in place to identify beneficiary matches that existed in its system. Furthermore, it stated that, during the period of our review, the process to recoup duplicate capitation payments after linking duplicate recipient records was limited to 9 months and did not include the recoupment of payments beyond that 9-month period.

On the basis of our sample results, we estimated that Tennessee made unallowable capitation payments totaling at least \$581,422 (\$378,137 Federal share) on behalf of beneficiaries with multiple Medicaid ID numbers during our audit period.

What OIG Recommends and Tennessee Comments

We recommend that Tennessee: (1) refund to the Federal Government \$378,137 (Federal share) in overpayments, (2) review capitation payments that fell outside of our audit period and refund any overpayments, and (3) enhance or establish new controls to ensure that no beneficiary is issued multiple Medicaid ID numbers.

Tennessee agreed with our findings and recommendations and outlined the corrective actions that it was taking.