

Report in Brief

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



Why OIG Did This Audit

The Affordable Care Act provided States with the authority to expand Medicaid coverage to low-income adults without dependent children (newly eligible beneficiaries). It also mandated changes to Medicaid eligibility rules. These two factors led to a significant increase in applications for Medicaid coverage. Prior OIG audits of New York, California, Colorado, and Kentucky found that these States did not always determine Medicaid eligibility for newly eligible beneficiaries and individuals eligible under traditional Medicaid coverage groups (referred to as non-newly eligible beneficiaries) in accordance with Federal and State requirements.

The objective of this audit was to summarize the results of our prior audits in order to assist the Centers for Medicare & Medicaid Services (CMS) in achieving greater efficiencies in its operation of the Medicaid program.

How OIG Did This Audit

Our prior audits covered Federal Medicaid payments totaling \$33.6 billion on behalf of almost 17.5 million beneficiaries. Using statistical sampling, we reviewed the four States' Medicaid eligibility determinations.

Prior Audits of Medicaid Eligibility Determinations in Four States Identified Millions of Beneficiaries Who Did Not or May Not Have Met Eligibility Requirements

What OIG Found

Our previous audits of 4 States' Medicaid eligibility determinations found that during 2014 and 2015 Medicaid payments were made on behalf of 109 of 460 sampled newly eligible beneficiaries and 98 of 515 sampled non-newly eligible beneficiaries who did not meet or may not have met Medicaid eligibility requirements. We determined that both human and system errors, as well as a lack of policies and procedures, contributed to these improper or potentially improper payments. Although the States concurred with all 31 recommendations from our prior audits to address these deficiencies, 15 of these recommendations remain unimplemented.

On the basis of our sample results, we estimated that the 4 States made Federal Medicaid payments on behalf of newly eligible beneficiaries totaling almost \$1.4 billion for more than 700,000 ineligible or potentially ineligible beneficiaries. We also estimated that the 4 States made Federal Medicaid payments on behalf of non-newly eligible totaling more than \$5 billion for almost 5 million ineligible or potentially ineligible beneficiaries.

What OIG Recommends and CMS Comments

We recommend that CMS: (1) work with States to implement all of the recommendations made in OIG's prior audits; (2) maintain its efforts to provide training, technical advice, and guidance to States to address the causes identified in OIG's prior audits; and (3) use all available remedies to prevent and reduce the amount of improper payments made on behalf of ineligible beneficiaries.

Although CMS stated that it will continue to work with States to implement OIG's prior recommendations, it requested that we remove our first recommendation. CMS concurred with our second and third recommendations. We maintain that our recommendations are appropriate because prioritizing them can help improve States' eligibility determinations and reduce eligibility improper payment rates.