

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**PUERTO RICO CLAIMED OVER
\$7 MILLION IN FEDERAL
REIMBURSEMENT FOR MEDICAID
CAPITATION PAYMENTS MADE ON
BEHALF OF ENROLLEES WHO WERE OR
MAY HAVE BEEN DECEASED**

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Office of Inspector General

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Report in Brief

Date: September 2023
Report No. A-02-21-01005

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



Why OIG Did This Audit

Previous OIG audits identified unallowable Federal Medicaid reimbursement for managed care payments (known as capitation payments) made on behalf of deceased enrollees. We audited the Puerto Rico Department of Health (DOH) because we previously identified factors that may increase the risk of similar overpayments.

Our objective was to determine whether DOH claimed Federal Medicaid reimbursement for capitation payments to managed care organizations (MCOs) on behalf of deceased enrollees.

How OIG Did This Audit

Our audit covered 31,974 Medicaid capitation payments, totaling \$8.9 million, made by ASES (the Spanish acronym for the Puerto Rico Health Insurance Administration) on behalf of deceased enrollees. We reviewed capitation payments during our audit period (April 1, 2018, through September 30, 2020). We selected a stratified random sample of 105 capitation payments totaling \$70,215 (\$66,484 Federal share) for review. For each of these payments, we used a variety of sources, including the Social Security Administration's Death Master File (DMF), the Puerto Rico Demographic Registry, Accurant (a commercial source of public records), and obituaries, to determine enrollee's month and year of death.

Puerto Rico Claimed Over \$7 Million in Federal Reimbursement for Medicaid Capitation Payments Made on Behalf of Enrollees Who Were or May Have Been Deceased

What OIG Found

DOH claimed Federal Medicaid funds for capitation payments to MCOs on behalf of enrollees who were deceased or potentially deceased. Three of the 105 sampled capitation payments were for enrollees who were not deceased during the month covered by the capitation payment. For 90 sampled payments, we confirmed that the associated enrollees were deceased prior to the month covered by the capitation payment. For the remaining 12 sampled payments, the enrollees had a date of death recorded in the DMF; however, we could not confirm the enrollee's month and year of death.

These unallowable and potentially unallowable payments occurred because DOH's controls were not sufficient to identify deceased enrollees. Also, DOH lacked a process to ensure that ASES identified and made adjustments to correct unallowable capitation payments.

On the basis of our sample results, we estimated that DOH claimed at least \$6,979,822 in unallowable Federal Medicaid funds and \$885,123 in potentially unallowable Federal Medicaid funds.

What OIG Recommends and Auditee Comments

We made a series of recommendations to DOH, including that it: (1) refund \$6,979,822 to the Federal Government and (2) review potentially unallowable payments, estimated as \$885,123, and refund the Federal share of any unallowable amounts to the Federal Government. We also made other procedural recommendations to ensure that Puerto Rico does not make capitation payments on behalf of deceased enrollees.

In written comments on our draft report, DOH generally concurred with our recommendations. DOH partially concurred with our recommended refund because, according to DOH, ASES has recovered capitation payments related to our sample. DOH concurred with our remaining recommendations or described actions that it has taken or plans to take to address them. After reviewing DOH's comments, we maintain that our recommendations are valid. DOH did not disagree with, or provide support to refute, our determination that ASES did not begin recovering improper capitation payments related to our sample until after the start of our audit. We commend DOH for its actions or plans to address our recommendations.

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INTRODUCTION

WHY WE DID THIS AUDIT

Previous Office of Inspector General (OIG) audits found that State Medicaid agencies improperly made capitation payments¹ on behalf of deceased enrollees.² We audited the Puerto Rico Department of Health (DOH) because we previously identified factors that may increase the risk of similar overpayments.³

OBJECTIVE

Our objective was to determine whether DOH claimed Federal Medicaid reimbursement for capitation payments to managed care organizations (MCOs) on behalf of deceased enrollees.

BACKGROUND

Medicaid Program

The Medicaid program provides medical assistance to certain low-income individuals and individuals with disabilities (Title XIX of the Social Security Act (the Act)). 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.⁴ The State plan establishes which services the Medicaid program will cover. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with Federal requirements.

Social Security Administration: Date of Death Information

The Social Security Administration (SSA) collects death data from sources such as State vital statistics bureaus, funeral home directors, family members, and financial institutions, and adds about 2.9 million new death reports to its records each year.⁵ SSA processes death

¹ MCOs are paid a fee, known as a capitation payment, to ensure that Medicaid enrollees have access to a comprehensive range of medical services.

² See Appendix B for related OIG reports.

³ *Risk Assessment Puerto Rico Medicaid Program* ([A-02-20-01011](#)), issued December 2020. The risk factors were that ineligible applicants may be enrolled, and Puerto Rico's Medicaid Management Information System is not fully implemented.

⁴ The Commonwealth of Puerto Rico is considered a State for the purposes of Medicaid, unless otherwise indicated (the Act § 1101 (a)(1)).

⁵ Congressional Research Service, *The Social Security Administration's Death Data: In Brief*, updated January 2021.

notifications through its Death Information Processing System when it receives reports of death.⁶ SSA records the resulting death information in its Numerical Identification System. SSA then uses this information to create a national record of death information called the Death Master File (DMF).⁷ Reported deaths of people who have Social Security Numbers (SSNs) are routinely added to the DMF.

Puerto Rico's Medicaid Managed Care Program

In Puerto Rico, DOH administers the Medicaid program, including making eligibility determinations. The Puerto Rico Health Insurance Administration (referred to in Spanish as the Administracion de Seguros de Salud de Puerto Rico or ASES) administers the island-wide government health care delivery system, which includes Medicaid. ASES contracts with and pays MCOs to make services available to Medicaid enrollees.

Capitation Payments

ASES pays monthly capitation payments to MCOs. The fee is paid regardless of whether enrollees receive services during the month covered by the payment. ASES' CMS-approved MCO contracts state that monthly capitation payments will be reconciled to the actual number of enrollees for that month and that appropriate payment adjustments will be made. Further, the contract states that ASES may recoup payments made to MCOs for enrollees who died prior to the month for which the payment was made.⁸

Medicaid Eligibility and Payment Systems

Medicaid enrollee information is shared by DOH's Medicaid Integrated Technology Initiative system (eligibility system) with ASES' Core System (payment system). ASES' payment system is also used to process and adjust capitation payments to MCOs.

Puerto Rico Demographic Registry: Date of Death Information

On a monthly basis, DOH obtains an electronic file containing death data from the Puerto Rico Demographic Registry, which contains information on deaths occurring in Puerto Rico. DOH staff then analyze the data to identify matches with Medicaid eligibility data. If a perfect match⁹ is identified, the associated Medicaid enrollee's eligibility is automatically cancelled as of the date of death and information is shared with the payment system. For partial matches,

⁶ SSA, *Programs Operations Manual System*, GN 02602.050 (May 5, 2023).

⁷ Data maintained in the DMF include names, SSNs, dates of birth, and dates of death.

⁸ ASES' CMS-approved MCO contracts, section 22.1.

⁹ A perfect match is identified when an enrollee's full name, SSN, and date of birth in the eligibility data exactly matches corresponding data from the Puerto Rico Demographic Registry.

the associated Medicaid enrollee's eligibility remains active until DOH personnel confirm whether the enrollee died by following up via mail or telephone.

HOW WE CONDUCTED THIS AUDIT

Our audit covered 31,974 Medicaid capitation payments totaling \$8,853,728 made to MCOs during our audit period (April 1, 2018, through September 30, 2020)¹⁰ on behalf of deceased enrollees.¹¹ We selected a stratified random sample of 105 capitation payments totaling \$70,215 (\$66,484 Federal share) for review. For each of these payments, we used a variety of sources, including the DMF, Puerto Rico Demographic Registry, Accurint,¹² and obituaries to confirm the enrollee's month and year of death. Using our sample results, we estimated the Federal share of the unallowable capitation payments.

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 the details of our audit scope and methodology, Appendix C contains the details of our sample design and methodology, and Appendix D contains our sample results and estimates.

FINDINGS

DOH claimed Federal Medicaid funds for capitation payments to MCOs on behalf of enrollees who were deceased or potentially deceased. Three of the 105 sampled capitation payments were for enrollees who were not deceased during the month covered by the capitation payment.¹³ For 90 sampled payments, we confirmed that the associated enrollees were deceased prior to the month covered by the capitation payment. Specifically, 61 payments were associated with enrollees whose deaths were recorded in the Puerto Rico Demographic Registry and 29 payments were associated with enrollees whose deaths were recorded in alternate sources. For the remaining 12 sampled payments, the associated enrollees had a date of death recorded in the DMF; however, we could not confirm the enrollee's month and year of death. These unallowable and potentially unallowable payments occurred because

¹⁰ The audit period encompassed the most current data available at the time we initiated our review.

¹¹ We identified an enrollee as deceased if DOH's Medicaid eligibility data matched the DMF by SSN and at least one other select identifier (first name, last name, or date of birth).

¹² A commercial source of public records, which include death records.

¹³ Death certificates were obtained showing dates of death after the months associated with the sampled capitation payments. As a result, we deemed the three sampled capitation payments to be correct.

DOH's controls were not sufficient to identify deceased enrollees. Also, DOH lacked a process to ensure that ASES identified and made adjustments to correct unallowable payments.

On the basis of our sample results, we estimated that DOH claimed at least \$6,979,822¹⁴ in unallowable Federal Medicaid funds and \$885,123¹⁵ in potentially unallowable Federal Medicaid funds.

DEPARTMENT OF HEALTH CLAIMED UNALLOWABLE MEDICAID CAPITATION PAYMENTS ON BEHALF OF DECEASED ENROLLEES

DOH has a cooperative agreement with ASES, which administers Puerto Rico's health insurance system, including Medicaid. ASES' CMS-approved MCO contracts state that monthly capitation payments will be reconciled to the actual number of enrollees for that month and that appropriate payment adjustments will be made. Further, the contracts state that ASES may recoup payments made to MCOs for enrollees who die prior to the month for which the payment was made. Generally, States must refund the Federal share of Medicaid overpayments to CMS (the Act § 1903(d)(2)(A) and 42 CFR § 433.312). Overpayments are amounts paid in excess of allowable amounts and would include unallowable capitation payments made on behalf of deceased enrollees.

For 90 of the 105 sampled payments, we confirmed that the associated enrollees were deceased prior to the month covered by the capitation payment. Therefore, DOH claimed unallowable Federal Medicaid funds.¹⁶ Specifically:

- Sixty-one payments were associated with enrollees whose deaths were recorded in the Puerto Rico Demographic Registry. Of these payments:
 - DOH's eligibility system did not have the associated enrollee's date of death for 40 payments.

¹⁴ To be conservative, we recommend recovery at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual overpayment total 95 percent of the time.

¹⁵ Our actual estimate is \$885,123 in potentially unallowable Federal Medicaid capitation payments. The 90-percent confidence interval for the potentially unallowable capitation payments ranges from \$459,546 to \$1,310,699.

¹⁶ During our audit work, as a result of OIG's discussions with DOH and ASES, starting in August 2021, ASES began adjusting overpayments to MCOs for 36 of the 90 payments to correct capitation payments made on behalf of deceased enrollees. As we had already started our audit work, we did not consider these adjustments in our calculation of our estimated overpayment amount.

- DOH's eligibility system had the associated enrollees' date of death for 21 payments; however, ASES continued to make capitation payments on behalf of these enrollees.¹⁷
- Twenty-nine payments were associated with enrollees whose deaths were not recorded in the Puerto Rico Demographic Registry; however, their deaths were recorded in alternate sources.¹⁸

These unallowable payments occurred because DOH's controls were not sufficient to identify enrollees who had died. Although DOH received data from the Puerto Rico Demographic Registry and staff sometimes updated DOH's eligibility system with enrollees' dates of death, DOH did not have written policies and procedures requiring staff to do so. Further, DOH did not have written policies and procedures requiring staff to obtain data on deaths from sources other than the Puerto Rico Demographic Registry (e.g., data on enrollees who died on the mainland United States). Also, DOH lacked a process to ensure ASES identified and made adjustments to correct unallowable payments made after enrollees had died. Finally, for the 21 enrollees for whom DOH recorded a date of death in its eligibility system, in response to our inquiries, ASES has not explained why its payment system continued to make capitation payments. As a result, ASES will continue to make unallowable payments until DOH ensures that (1) its eligibility system is regularly updated with data from the Puerto Rico Demographic Registry and alternate sources, (2) death information is shared with ASES' payment system, and (3) ASES identifies and makes adjustments to correct payments made on behalf of deceased enrollees.

DEPARTMENT OF HEALTH CLAIMED POTENTIALLY UNALLOWABLE MEDICAID CAPITATION PAYMENTS ON BEHALF OF ENROLLEES WHO MAY HAVE BEEN DECEASED

ASES' CMS-approved MCO contracts state that monthly capitation payments will be reconciled to the actual number of enrollees for that month and that appropriate payment adjustments will be made. Further, the contracts state that ASES may recoup payments made to the MCOs for enrollees who die prior to the month for which the payment was made.

For 12 of the 105 sampled payments, the associated enrollees had a date of death recorded in the DMF; however, we could not confirm the enrollee's month and year of death.¹⁹ Therefore, DOH may have claimed unallowable Federal Medicaid funds for capitation payments made on

¹⁷ For an enrollee associated with 1 of the 21 sampled payments, DOH incorrectly recorded the enrollee's death as occurring in 2019 instead of 2018.

¹⁸ For these payments, we identified the associated enrollees' date of death using the DMF and verified these dates using obituaries and Accurant.

¹⁹ For these payments, we identified the associated enrollees' date of death using the DMF; however, we were unable to verify the enrollee's month and year of death using obituaries and Accurant.

behalf of enrollees who may have been deceased prior to the month covered by the capitation payment.

These potentially unallowable payments occurred because DOH's controls were not sufficient to identify enrollees who had died. Specifically, DOH did not use sources other than the Puerto Rico Demographic Registry (e.g., the DMF) to identify potentially deceased enrollees and take further action (i.e., follow up via mail or telephone) to determine whether the enrollee died. As a result, there is a risk that ASES may continue to make potentially unallowable payments until DOH ensures that its eligibility system is regularly updated with data on deaths from alternate sources.

ESTIMATES OF UNALLOWABLE AND POTENTIALLY UNALLOWABLE PAYMENTS

On the basis of our sample results, we estimated that DOH claimed at least \$6,979,822 in unallowable Federal Medicaid funds for capitation payments made on behalf of deceased enrollees and \$885,123 in potentially unallowable Federal Medicaid funds for capitation payments made on behalf of enrollees whose date of death could not be confirmed.

RECOMMENDATIONS

We recommend that the Puerto Rico Department of Health:

- refund \$6,979,822 to the Federal Government;
- identify capitation payments made on behalf of enrollees with a date of death in the DMF before the month covered by the capitation payments, estimated as \$885,123 in Federal Medicaid funds, and refund to the Federal Government the Federal share of any unallowable payments;
- identify capitation payments made after the audit period on behalf of deceased enrollees and refund to the Federal Government the Federal share of any unallowable payments;
- develop written policies and procedures to ensure that DOH staff periodically update, at least monthly, DOH's eligibility system with data on deaths recorded in the Puerto Rico Demographic Registry;
- develop written policies and procedures to use sources other than the Puerto Rico Demographic Registry to identify deceased enrollees; and
- establish a process with ASES to ensure ASES ceases making payments to MCOs on behalf of enrollees after their deaths are recorded in DOH's eligibility system and recoups unallowable payments made on behalf of deceased enrollees.

DEPARTMENT OF HEALTH COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, DOH generally concurred with our recommendations. DOH partially concurred with our recommended refund because, according to DOH, ASES has recovered more than \$580,000 in improper capitation payments related to our sample. DOH also provided additional documentation regarding its recoveries and described actions that it has taken or plans to take to address our recommendations. After reviewing DOH's comments and additional documentation, we maintain that our recommendations are valid. DOH did not disagree with, or provide support to refute, our determination that ASES did not begin recovering improper capitation payments related to our sample until after the start of our audit work. We commend DOH for the actions it has taken or plans to take to address our recommendations.

A summary of DOH's comments and our responses follows. DOH's comments are included as Appendix E.²⁰

DEPARTMENT OF HEALTH COMMENTS

DOH partially concurred with our first recommendation. According to DOH, ASES has recovered more than \$580,000 in capitation payments related to our sample. DOH provided documentation detailing these recoveries and described actions it has taken, as well as actions by ASES, to recover 102 of the 105 sampled payments.

DOH did not indicate concurrence or non-concurrence with our second recommendation; however, it indicated that it disenrolled enrollees associated with all 12 capitation payments made on behalf of enrollees with a date of death in the DMF before the month covered by the capitation payments and that ASES has recovered or will recover these overpayments.

DOH concurred with our third, fourth, and fifth recommendations and provided a new policy of procedures for identifying deceased enrollees using death data sources and disenrolling deceased enrollees from Medicaid.

DOH did not indicate concurrence or non-concurrence with our sixth recommendation. DOH stated that ASES has a standard procedure to recover capitation payments made after an enrollee's date of death and provided a copy of a procedure for recouping duplicate payments. DOH stated that ASES plans to update the procedure to also address deceased enrollees and provide the updated procedure to DOH.

²⁰ We did not include attachments to DOH's comments because they were too voluminous and contained personally identifiable information; however, they will be provided separately in their entirety to CMS.

OFFICE OF INSPECTOR GENERAL RESPONSE

Although DOH partially concurred with our first recommendation, it did not disagree with, or provide support to refute, our determination that ASES did not begin recovering improper payments related to our sample until after the start of our audit work. Further, after reviewing DOH's documentation detailing ASES' recoveries, we determined that the amount presented in DOH's comments as recovered is overstated.²¹ Therefore, we maintain that DOH refund \$6,979,822 to the Federal Government.

Regarding our second recommendation, we acknowledge that DOH disenrolled enrollees associated with all 12 capitation payments made on behalf of enrollees with a date of death in the DMF before the month covered by the capitation payments and recovered or plans to recover related overpayments. However, we maintain that DOH should identify all capitation payments made on behalf of enrollees with a date of death in the DMF and refund to the Federal Government the Federal share of any identified unallowable payments.

Finally, although DOH stated that ASES has a standard procedure to recover capitation payments made after an enrollee's date of death, the document DOH provided with its comments is not related to this procedure. Therefore, we are unable to verify that ASES has such a procedure in place.

We commend DOH for the actions it has taken or plans to take to address our recommendations. We maintain that our recommendations are valid.

²¹ We determined that 43 percent of the adjustments detailed in the documentation had more than one adjustment included in the calculation for the same service date. In addition, the amount presented by DOH is not the Medicaid Federal share.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 31,974 Medicaid capitation payments, totaling \$8,853,728, made to MCOs on behalf of deceased enrollees.²² We reviewed capitation payments made to MCOs during the period April 1, 2018, through September 30, 2020 (audit period). We selected a stratified random sample of 105 capitation payments totaling \$70,215 (\$66,484 Federal share) for review. For each of these payments, we used a variety of sources, including the DMF, Puerto Rico Demographic Registry, Accurant, and obituaries, to determine the enrollee's month and year of death.

We did not review the overall internal control structure of DOH or its Medicaid program. Rather, we reviewed only those internal controls related to our objective. We limited our audit to determining whether Puerto Rico made capitation payments on behalf of enrollees whose dates of death preceded the service dates.

We conducted our audit work from December 2020 through June 2023.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal and Commonwealth laws and regulations, and the CMS-approved MCO contracts;
- reviewed DOH's policies and procedures for preventing, identifying, and recouping MCO payments made after an enrollee's death;
- met with DOH and ASES officials to gain an understanding of the procedures and controls related to identifying deceased enrollees and preventing or recouping payments made after an enrollee's death;
- obtained from ASES a data file of capitation payments made to MCOs on behalf of Medicaid enrollees in Puerto Rico during the audit period;
- reconciled the capitation payment data received from ASES to capitation payment information reported on DOH's Forms CMS-64, Quarterly Medicaid Statement of Expenditures, for the audit period;

²² We identified an enrollee as deceased if DOH's Medicaid eligibility data matched the DMF by SSN and at least one other select identifier (first name, last name, or date of birth).

- obtained and reviewed from DOH an eligibility data file of Medicaid enrollees active during the audit period;²³
- assessed the reliability of capitation payment and Medicaid enrollee eligibility data by (1) performing electronic and logical testing, (2) reviewing existing information about the data and the systems that produced them, and (3) interviewing agency officials knowledgeable about the data; and determined that both sets of data were sufficiently reliable for the purposes of this report;
- joined the capitation and eligibility data using a unique identifier (the master patient index number);
- compared the joined data to DMF data to identify capitation payments made to MCOs during our audit period on behalf of Medicaid enrollees who were deceased;
- identified a sampling frame of 31,974 capitation payments totaling \$8,853,728 made on behalf of Medicaid enrollees who were deceased;
- selected a stratified random sample of 105 capitation payments from our sampling frame (Appendix C);
- for each sampled payment, we:
 - confirmed the associated enrollee’s first and last names, SSN, date of birth (which we verified using the DMF);
 - identified whether the enrollee’s date of death was recorded in DOH’s eligibility system;
 - used information from the Puerto Rico Demographic Registry (death certificates), Accurint, and obituaries to confirm the enrollee’s month and year of death; and
 - confirmed that the capitation payment was made for a month after the enrollee’s death;
- determined the Federal share of the unallowable and potentially unallowable payments in our sample made on behalf of deceased enrollees;

²³ The Medicaid enrollee eligibility data did not contain associated eligibility data for all of the capitation payments made during the audit period. Therefore, all deceased enrollees associated with capitation payments made during the audit period may not have been identified due to this limitation.

- estimated the unallowable and potentially unallowable Federal Medicaid reimbursement in the sampling frame; and
- discussed the results of our audit with DOH officials.

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: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>Virginia Made Capitation Payments to Medicaid Managed Care Organizations After Enrollees' Deaths</i>	<u>A-03-22-00203</u>	07/19/2023
<i>Kansas Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths</i>	<u>A-07-20-05125</u>	09/01/2021
<i>North Carolina Made Capitation Payments to Managed Care Entities After Beneficiaries' Deaths</i>	<u>A-04-16-00112</u>	09/25/2020
<i>The New York State Medicaid Agency Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths</i>	<u>A-04-19-06223</u>	07/27/2020
<i>Michigan Made Capitation Payments to Managed Care Entities After Beneficiaries' Deaths</i>	<u>A-05-17-00048</u>	02/14/2020
<i>The Indiana State Medicaid Agency Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths</i>	<u>A-05-19-00007</u>	01/29/2020
<i>The Minnesota State Medicaid Agency Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths</i>	<u>A-05-17-00049</u>	10/01/2019
<i>Illinois Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	<u>A-05-18-00026</u>	08/20/2019
<i>Georgia Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	<u>A-04-15-06183</u>	08/09/2019
<i>California Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	<u>A-04-18-06220</u>	05/07/2019
<i>Ohio Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	<u>A-05-17-00008</u>	10/04/2018
<i>Wisconsin Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	<u>A-05-17-00006</u>	09/27/2018
<i>Tennessee Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	<u>A-04-15-06190</u>	12/22/2017
<i>Texas Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	<u>A-06-16-05004</u>	11/14/2017
<i>Florida Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	<u>A-04-15-06182</u>	11/30/2016

APPENDIX C: SAMPLE DESIGN AND METHODOLOGY

SAMPLING FRAME

The sampling frame consisted of 31,974 Medicaid capitation payments totaling \$8,853,728 that were made to MCOs during the period of April 1, 2018, through September 30, 2020, on behalf of deceased enrollees.²⁴

SAMPLE UNIT

The sample unit was a capitation payment.

SAMPLE DESIGN AND SAMPLE SIZE

We used a stratified random sample. We divided the sampling frame into four strata by capitation payment amount, as shown in Table 1.

Table 1: Categories of Sampling Frame

Stratum	Payment Range	Frame Count	Frame Dollar Value²⁵	Sample Size
1	\$11.24 through \$183.38	19,729	\$3,088,772	30
2	\$183.39 through \$387.34	8,726	2,182,339	25
3	\$387.35 through \$1,127.07	2,447	1,758,012	25
4	\$1,127.08 through \$2,551.40	1,072	1,824,604	25
Totals		31,974	\$8,853,728²⁶	105

SOURCE OF RANDOM NUMBERS

We generated the random numbers using the OIG, Office of Audit Services (OAS), statistical software.

²⁴ The sampling frame was restricted to capitation payments that we identified through data analytics as having a service date after the month of the enrollees' deaths and for which the Medicaid eligibility data matched the DMF by SSN and at least one other select enrollee identifier (first name, last name, or date of birth).

²⁵ This amount represents the total capitation payments made to the MCOs in the sampling frame. Due to a limitation in the data available for the calculation of the Federal share of the sampling frame, the Federal share was only determined for each sampled item and any identified overpayments (Appendix D).

²⁶ The individual strata values do not add to the total value due to rounding.

METHOD OF SELECTING SAMPLE ITEMS

We sorted the items in each stratum by the unique payment identity key (PMT_DTL_identity_key) and then consecutively numbered the items in each stratum in the sampling frame. After generating 105 random numbers according to our sample design, we selected the corresponding frame items for review.

ESTIMATION METHODOLOGY

We used the OIG-OAS statistical software to estimate the Federal share of capitation payments to MCOs on behalf of deceased enrollees in the sampling frame. To be conservative, we recommend recovery of unallowable payments at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual overpayment total 95 percent of the time.

Further, we used the OIG-OAS statistical software to calculate the point estimate for the Federal share of capitation payments to MCOs on behalf of enrollees in our sampling frame whose month and year of death could not be confirmed. We also calculated a two-sided 90-percent confidence interval for the estimate.

APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 2: Sample Details and Results for Unallowable Payments

Stratum	Number of Payments in Frame	Value of Frame²⁷	Sample Size	Value of Sample (Federal Share)	Number of Unallowable Payments	Value of Unallowable Payments in the Sample (Federal Share)
1	19,729	\$3,088,772	30	\$4,764	26	\$4,232
2	8,726	2,182,339	25	6,218	24	5,919
3	2,447	1,758,012	25	16,661	22	14,834
4	1,072	1,824,604	25	38,841	18	28,069
Total	31,974	\$8,853,728²⁸	105	\$66,484	90	\$53,054

Estimated Unallowable Payments in the Sampling Frame (Federal Share)
(Limits Calculated at the 90-Percent Confidence Level)

Point Estimate	\$7,504,365
Lower Limit	6,979,822
Upper Limit	8,028,909

Table 3: Sample Details and Results for Potentially Unallowable Payments

Stratum	Number of Payments in Frame	Value of Frame²⁹	Sample Size	Value of Sample (Federal Share)	Number of Potentially Unallowable Payments	Value of Potentially Unallowable Payments in the Sample (Federal Share)
1	19,729	\$3,088,772	30	\$4,764	4	\$532
2	8,726	2,182,339	25	6,218	1	300
3	2,447	1,758,012	25	16,661	3	1,812
4	1,072	1,824,604	25	38,841	4	5,903
Total	31,974	\$8,853,728³⁰	105	\$66,484	12	\$8,547

²⁷ Due to a limitation in data available for the calculation of the Federal share of the sampling frame, the Federal share was only determined for each sampled item and any overpayments identified. The Federal share percentages applicable to our audit period ranged from 82.20% to 100%.

²⁸ The individual strata values do not add to the total value due to rounding.

²⁹ Due to a limitation in data available for the calculation of the Federal share of the sampling frame, the Federal share was only determined for each sampled item and any overpayments identified. The Federal share percentages applicable to our audit period ranged from 82.20% to 100%.

³⁰ The individual strata values do not add to the total value due to rounding.

**Estimated Potentially Unallowable Payments in the Sampling Frame
(Federal Share)
*(Limits Calculated at the 90-Percent Confidence Level)***

Point Estimate	\$885,123
Lower Limit	459,546
Upper Limit	1,310,699

APPENDIX E: DEPARTMENT OF HEALTH COMMENTS



DEPARTMENT OF HEALTH PUERTO RICO MEDICAID PROGRAM

August 9, 2023

Brenda M Tierney
Regional Inspector General
For audit services

Dear Ms. Tierney:

Puerto Rico Department of Health (PRDOH) values the opportunity to respond to the report number A-02-21-01005 for the Medicaid Program for July 2023 regarding the audit period between April 1, 2018, through September 30, 2020. As such we have considered your findings and herein, PRMP will address them.

OIG Findings:

OIG alleges that PRDOH improperly claimed Federal Medicaid funds for capitation payments to MCO's on behalf enrollees who were deceased or potentially deceased. According to OIG's stratified sample which considered a total of 105 capitation payments the findings are as follows:

- I. Three of the sampled capitation payments were for enrollees who were not deceased during the month covered by the capitation payment.
- II. In 90 of the sampled payments, OIG identified that the associated enrollee had a death date prior to the month covered by the capitation payment. Specifically, 61 of these payments were associated with enrollees whose deaths were recorded in the Puerto Rico Demographic Registry and 29 payments were associated with enrollees whose deaths were recorded in alternate sources.
- III. For the remaining 12 sampled payments, OIG found that the associated enrollees had a date of death recorded in the DMF; however, the full date could not be confirmed.

Considering these findings, the OIG posits that the related capitation payments were unallowed and alleges that this occurred because DOH's controls were not sufficient to identify deceased enrollees. OIG argues that DOH lacked a process to ensure that ASES identified and adjusted unallowable capitation payments. Based on the sample results,

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DEPARTMENT OF HEALTH PUERTO RICO MEDICAID PROGRAM

OIG estimated that DOH claimed at least \$6,979,822 in unallowable Federal Medicaid funds and \$885,123 in potentially unallowable Federal Medicaid funds.

Recommendations:

1. Refund \$6,979,822 to the Federal Government.
2. Identify capitation payments made on behalf of enrollees with a date of death in the DMF before the month covered by the capitation payments, estimated as \$885,123 in Federal Medicaid funds, and refund to the Federal Government the Federal share of any unallowable payments.
3. Identify capitation payments made after the audit period on behalf of deceased enrollees and refund to the Federal Government the Federal share of any unallowable payments.
4. Develop written policies and procedures to ensure that DOH staff periodically update, at least monthly, DOH's eligibility system with data on deaths recorded in the Puerto Rico Demographic Registry.
5. Develop written policies and procedures to use sources other than the Puerto Rico Demographic Registry to identify deceased enrollees.
6. Establish a process with ASES to ensure ASES ceases making payments to MCOs on behalf of enrollees after their deaths are recorded in DOH's eligibility system and recoups unallowable payments made on behalf of deceased enrollees.

PRDOH Response:

The Medicaid Program in Puerto Rico understands the significance of the findings and we concur in part. Accordingly, we have revised and updated the policies and procedures to identify and cancel the enrollment of deceased affiliates.

We dispute your calculations in part because ASES has been processing through the past years, the recovery of related improper payments and has adjusted its claims.

Our responses to the recommendations are presented herein:

1. Refund \$6,979,822 to the Federal Government.

PRMP disagrees with the recommendation in part.

For the period covered by the audit PRMP was using a different eligibility platform that had limited capabilities to identify the death date.



DEPARTMENT OF HEALTH PUERTO RICO MEDICAID PROGRAM

Using the data submitted by your report, ASES has identified that it has recovered \$583,608.88 pertaining to cases including in the sample. See Attachment 1. This implies that cancellations were processed by PRMP, received by ASES and the capitation payment was recovered. The recoupments were accounted for in the adjustments for those periods.

As for the rest (60 cases) PRMP agrees that a cancellation was required, for this reason a cancellation letter was sent to ASES by certified mail on July 24, 2023. See Attachment 2. The letter includes 50 cases that were registered in the previous eligibility platform and cannot be cancelled by using the regular daily file sent to ASES. The last 10 cases were cancelled on the current eligibility platform and sent with the daily file to ASES.

The recovery for these cases will be processed by ASES in the next 90 days and adjusted in the claims.

2. Identify capitation payments made on behalf of enrollees with a date of death in the DMF before the month covered by the capitation payments, estimated as \$885,123 in Federal Medicaid funds, and refund to the Federal Government the Federal share of any unallowable payments.

PRMP has evaluated the cases indicated by the sample and has identified that in half (6) the recovery had been completed by ASES and adjusted. See Attachment 1. The other six cases were included in the cancellation letter sent to ASES. See Attachment 2. The recovery for these cases will be processed by ASES in the next 90 days and adjusted in the claims accordingly. For better illustration, see Attachment 3.

3. Identify capitation payments made after the audit period on behalf of deceased enrollees and refund to the Federal Government the Federal share of any unallowable payments.

PRMP concurs with this recommendation. The program has procedures in place to cancel in a monthly basis, affiliates that have been reported as deceased. See Attachment 4, Deceased Reconciliation Process.

4. Develop written policies and procedures to ensure that DOH staff periodically update, at least monthly, DOH's eligibility system with data on deaths recorded in the Puerto Rico Demographic Registry.

PRMP concurs, see Attachment 4. Deceased reconciliation process.



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5. Develop written policies and procedures to use sources other than the Puerto Rico Demographic Registry to identify deceased enrollees.

PRMP concurs with this recommendation. See Attachment 4.

6. Establish a process with ASES to ensure ASES ceases making payments to MCOs on behalf of enrollees after their deaths are recorded in DOH's eligibility system and recoups unallowable payments made on behalf of deceased enrollees.

ASES has a standard procedure to recover capitation payments made after the beneficiaries date of death. See Attachment 5.

Corrective Action Plan

PRMP staff has discussed the previous policies with ASES.

1. ASES will finalize SOP revisions to manage the recovery of improper payments. PRMP expects to receive this new approved SOP within the next 30 days.
2. PRMP will develop and conduct training for the policies and procedures for deceased enrollees by December 2023.
3. PRMP will commence evaluate the training outcomes by March 2024.
4. Once the evaluation is completed, revisions will be implemented as identified in the revision period.

The implementation of this plan should be completed within 180 days. The quality control unit will be evaluating the implementation of this plan by June 2024.

Thank you for your attention to this matter. Please, do not hesitate to contact us if you have any questions or require additional information.

Sincerely,

Dinorah Collazo Ortiz, Esq.
Executive Director
Puerto Rico Medicaid Program
Puerto Rico Department of Health