

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.