

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**GEORGIA MEDICAID MANAGED CARE
ORGANIZATIONS RECEIVED
CAPITATION PAYMENTS AFTER
BENEFICIARIES' DEATHS**

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Office of Inspector General

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Report in Brief

Date: August 2019

Report No. A-04-15-06183

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



Why OIG Did This Review

Effective June 1, 2006, Georgia implemented Georgia Families, a managed care program between Georgia and private health plans to provide benefits and health care services to Medicaid, PeachCare for Kids members, Planning for Healthy Babies enrollees, and Georgia Families 360° members. As of July 2016, managed care covered approximately 69 percent of Georgia Medicaid beneficiaries. In State fiscal year 2018, the Georgia Medicaid expenditures for approximately 2 million beneficiaries were \$9.9 billion, including \$4 billion to managed care. Previous Office of Inspector General reviews identified internal control weaknesses and lack of documented policies and procedures that contributed to States improperly paying for capitation payments on behalf of deceased beneficiaries. We conducted a similar review in Georgia.

Our objective was to determine whether Georgia made capitation payments on behalf of deceased beneficiaries.

How OIG Did This Review

We reviewed a random sample of 120 capitation payments that Georgia made to managed care organizations (MCOs) from July 1, 2009, through June 30, 2014, on behalf of deceased beneficiaries. We reviewed documentation to confirm whether the beneficiaries were deceased and limited our review to determining whether MCOs in Georgia received capitation payments on behalf of beneficiaries whose dates of death preceded the payment dates.

Georgia Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths

What OIG Found

Georgia did not always stop making capitation payments after a beneficiary's death, despite its efforts to identify and recover any payments made after a beneficiary's death. Of the 120 capitation payments in our random sample, 2 payments were for beneficiaries who were still alive. For the remaining 118 payments, Georgia made payments totaling \$109,252 (\$82,362 Federal share) after a beneficiary's death.

On the basis of our sample results, we estimated that Georgia made payments totaling nearly \$2.2 million (\$1.6 million Federal share) after a beneficiary's death to MCOs during our audit period.

What OIG Recommends and Georgia Comments

We recommend that Georgia (1) use additional sources of date of death to help reduce the risk of making payments after a beneficiary's death; (2) implement additional controls to more effectively detect payments involving deceased beneficiaries to reduce the risk of payments after a beneficiary's death; and (3) continue to identify payments made after a beneficiary's death to prevent additional payments similar to the \$2.2 million identified in this report.

In written comments on our draft report, Georgia generally concurred with our findings and described actions it has taken or plans to take to address our recommendations.

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INTRODUCTION

WHY WE DID THIS REVIEW

The Georgia Department of Community Health (State agency) pays managed care organizations¹ (MCOs) to provide covered health care services in return for a monthly fixed payment for each enrolled beneficiary (capitation payments).

Previous Office of Inspector General (OIG) reviews² identified internal control weaknesses and lack of documented policies and procedures that contributed to State Medicaid agencies improperly paying for capitation payments on behalf of deceased beneficiaries. We conducted a similar review at the State agency, which administers the Georgia Medicaid program.

OBJECTIVE

Our objective was to determine whether the State agency made capitation payments on behalf of deceased beneficiaries.

BACKGROUND

The Medicaid Program

The Medicaid program provides medical assistance to certain low-income beneficiaries 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. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

Medicaid managed care programs are intended to increase access to and improve the quality of health care for Medicaid beneficiaries. States contract with MCOs to make services available to enrolled Medicaid beneficiaries, usually in return for a predetermined periodic payment, known as a capitation payment. States report capitation payments claimed by MCOs on the States' Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64).

The Federal Government pays its share of a State's medical assistance expenditures (Federal share) under Medicaid based on the Federal medical assistance percentage (FMAP), which

¹ The State agency refers to MCOs as care management organizations (CMOs).

² See Appendix B for related OIG reports.

varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10). During our audit period (July 1, 2009, through June 30, 2014), the FMAP in Georgia was 65.56 to 76.31 percent.

Social Security Administration: Date of Death Information

The Social Security Administration (SSA) maintains death record information obtained from relatives of deceased beneficiaries, funeral directors, financial institutions, and governmental agencies (local, State and Federal). SSA processes death notifications through its Death Alert, Control, and Update System (DACUS), which matches the information received from external sources against the Master Beneficiary and Supplemental Security Records.³ SSA records the resulting death information in its Numerical Identification System (Numident).⁴ SSA then uses information from the Numident to create a national record of death information called the Death Master File (DMF).^{5, 6} Reported deaths of people who have SSNs are routinely added to the DMF. SSA can provide a full DMF file to States via a data exchange agreement. In comments to a Government Accountability Office (GAO) Medicaid report,⁷ the SSA stated that it has:

data sharing agreements with the States . . . under which we provide death indicators based on our complete (or “full”) death data included with all of our State verifications (i.e., State Verification and Exchange System (SVES),⁸ and State Online Query (SOLQ)⁹ system). Both SVES and SOLQ systems provide the

³ SSA, *Programs Operations Manual System*, GN 02602.060 (May 13, 2011). The Master Beneficiary Record is an electronic record of all beneficiaries as defined in Title II of the Act (Federal Old-Age, Survivors, and Disability Insurance Benefits). The Supplemental Security Record is an electronic record of all beneficiaries as defined in Title XVI of the Act (Supplemental Security Income for the Aged, Blind, and Disabled).

⁴ Numident contains personally identifiable information for each individual issued a Social Security Number (SSN). Examples of data elements on a Numident record include name, date and place of birth, parents' names, and date of death.

⁵ SSA, *Programs Operations Manual System*, GN 02602.060.B.1 (May 13, 2011).

⁶ SSA maintains death data—including names, SSNs, dates of birth, and States of death—in the DMF for approximately 98 million deceased individuals. The more comprehensive file, referred to as the “full DMF,” is available to certain eligible entities and includes State-reported death data. A subset of the DMF, called the “public DMF,” is available to the public and does not include State-reported death data.

⁷ GAO-15-313, *Additional Actions Needed to Help Improve Provider and Beneficiary Fraud Controls*, May 2015, page 41.

⁸ The SVES is a batch query system that provides States and some Federal agencies with a standardized method to verify SSN. SVES allows States to request information from other SSA exchange systems external to SVES (e.g., Beneficiary and Earnings Data Exchange, (State Data Exchange (SDX)) via the SVES request.

⁹ The SOLQ is an online SVES that allows States real-time access to SSA's SSN verification service and retrieval of Title II and Title XVI data. It enables personnel from State social services and other State benefit programs to rapidly obtain information they need to determine whether individuals are eligible for programs.

date of death. In addition, . . . CMS receives the “full DMF” from us on a weekly basis and could share necessary information with the States to ensure proper payment of Medicaid benefits.

Georgia’s Medicaid Managed Care Program

Effective June 1, 2006, the State agency implemented Georgia Families, a managed care program between the State agency and private health plans to provide benefits and health care services to Medicaid, PeachCare for Kids members, Planning for Healthy Babies enrollees, and Georgia Families 360° members. As of July 2016, managed care covered approximately 69 percent of Georgia Medicaid beneficiaries.

In State fiscal year 2018, the Georgia Medicaid expenditures for approximately 2 million beneficiaries were \$9.9 billion, including \$4 billion to managed care.

Capitation Payments

During our audit period (July 1, 2009, through June 30, 2014), the State agency entered into Medicaid managed care contracts (contracts) with three MCOs to provide covered health care services to eligible Medicaid beneficiaries in exchange for a fixed per member, per month capitation payment.

Georgia: Date of Death Information

The Georgia Medicaid Management Information System (GAMMIS) is an integration of computer systems that work together to process Medicaid claims and other pertinent information related to the management of the Medicaid program. The State agency also uses GAMMIS for processes such as provider enrollment, beneficiary eligibility, managed care enrollment, and claims processing. Finally, GAMMIS maintains beneficiary information, such as first and last names, addresses, dates of birth, and dates of death.

Prior to a conversion to a different payment system, the State agency relied on a manual process to monitor capitation payments for deceased beneficiaries. Currently, the State agency relies on various systems that interface with GAMMIS to update the beneficiary profiles with date of death information.¹⁰ The State agency relies on a monthly update that recognizes when a date of death has been updated on a member profile in GAMMIS, which automatically reverses payments made after the beneficiary’s date of death. The State agency also uses disenrollment reports submitted by the MCOs to update GAMMIS with a date of death.

¹⁰ For example, the State agency uses the SDX, which is a batch data exchange that SSA created to provide Title XVI data to the States for use in determining entitlement and eligibility for federally funded benefit programs such as Medicare and Medicaid, subsidized housing, the Supplemental Nutrition Assistance Program, and Temporary Assistance to Needy Families, as well as other federally-funded, State-administered benefit programs.

HOW WE CONDUCTED THIS REVIEW

We reviewed the capitation payments from July 1, 2009, through June 30, 2014 (audit period), because they were the most recent payments available at the time of our audit. During the audit period, the State agency paid \$66,035,028 to MCOs on behalf of deceased Medicaid beneficiaries. Our audit covered \$2,195,882 (\$1,641,134 Federal share) in Medicaid capitation payments to MCOs on behalf of beneficiaries whose dates of death preceded the payment dates. We reviewed capitation payments that the State agency made during our audit period. We selected a random sample of 120 capitation payments totaling \$109,788 (\$82,751¹¹ Federal share) for review.

We then used encounter data available in GAMMIS, date of death information from other State systems, Accurint,¹² or obituaries as alternative information sources to confirm whether beneficiaries were deceased, and the dates they died, for those sampled payments in which GAMMIS did not identify the beneficiaries' dates of death.

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 statistical sampling methodology, Appendix D contains our sample results and estimates, and Appendix E contains the Federal and State requirements.

FINDINGS

The State agency made capitation payments totaling \$109,252 (\$82,362 Federal share) on behalf of deceased beneficiaries. Of the 120 capitation payments in our stratified random sample selected from payments on behalf of beneficiaries whose dates of death preceded the payment dates, 2 payments were for beneficiaries who were still alive. For the remaining 118 payments, the State agency made the following payments after a beneficiary's death:

- For 87 payments after a beneficiary's death (74 percent), the date of death occurred prior to a system conversion date. An automatic recoupment is supposed to occur once a date of death is updated in GAMMIS. However, the State did not properly update the beneficiary profiles in GAMMIS with the related dates of death.

¹¹ This number was rounded to the nearest dollar.

¹² Accurint is a LexisNexis data depository that contains more than 20 billion records from more than 10,000 data sources. Accurint's primary source for dates of death is the SSA DMF. Accurint also contains death information from obituaries and State death records.

- For 18 payments after a beneficiary's death (15 percent), the State agency did not properly process payment for beneficiaries who were identified as deceased in other State systems.
- For 9 payments after a beneficiary's death (8 percent), the State agency did not use additional alternative sources such as Accurant or obituaries to determine the dates of death of the beneficiaries for the capitation month in question.
- For 4 payments after a beneficiary's death (3 percent), GAMMIS did not properly process payments. The State agency did not make appropriate adjustments for enrolled beneficiaries who were identified in GAMMIS as deceased. The date of death in GAMMIS matched the date of death in the DMF.

On the basis of our sample results, we estimated that the State agency made payments totaling \$2,168,278 (\$1,626,828 Federal share) to MCOs after a beneficiary's death during our audit period. These payments amounted to 3 percent of our sample population.¹³

As a result of our audit, the State agency adjusted all 118 payments made after a beneficiary's death. State agency personnel also stated that they are identifying and recovering from MCOs, payments made on behalf of deceased beneficiaries during our audit period.

THE STATE AGENCY MADE PAYMENTS TO MEDICAID MANAGED CARE ORGANIZATIONS AFTER A BENEFICIARY'S DEATH

State agency policy allows an adjustment of previously paid capitation payments for enrollees after their death (Reversal of CMO Capitation Claims (Policy No. OT003-FY2007)). The State agency, however, did not always stop making payments after a beneficiary's death, despite its efforts to identify and recover any payments made after a beneficiary's death. Of the 120 capitation payments in our random sample, 2 payments were for beneficiaries who were still alive. For the remaining 118 payments, the State agency made payments totaling \$109,252 (\$82,362 Federal share) after a beneficiary's death. As a result of our audit, the State agency adjusted all 118 payments.

Of the 118 payments after a beneficiary's death, the State agency made:

- 87 payments (74 percent) totaling \$77,485 (\$58,419 Federal share) for beneficiaries with dates of death prior to a system conversion date;
- 18 payments (15 percent) totaling \$21,686 (\$16,448 Federal share) for deceased beneficiaries whose dates of death were available in other State systems;

¹³ The sample population for our audit consisted of \$66 million in payments made to MCOs on behalf of deceased Medicaid beneficiaries. The population included payments made during or prior to the month of a beneficiary's death, \$0 paid amounts, capitation payments less than \$50, and capitation payments with unreliable SSN matches. It does not represent total payments that the State agency made to Medicaid MCOs during this period.

- 9 payments (8 percent) totaling \$9,084 (\$6,838 Federal share) for beneficiaries who were identified as deceased through alternative sources; and
- 4 payments (3 percent) totaling \$997 (\$657 Federal share) for deceased beneficiaries whose dates of death were identified in GAMMIS and matched the DMF date of death.

The State Agency Made Payments After a Beneficiary's Death for Dates of Death Prior to a System Conversion Date

For 87 payments made after a beneficiary's death (74 percent of the 118 payments), the date of death occurred prior to the State agency's conversion date to a different payment system. The payment system continued to make erroneous payments until manual intervention occurred. An automatic recoupment should occur once the date of death is updated in GAMMIS. However, the State did not properly update the dates of death in many of the GAMMIS beneficiary profiles. The State agency made payments totaling \$77,485 (\$58,419 Federal share) on behalf of these deceased beneficiaries.

The State Agency Did Not Update GAMMIS With Death Date Information Available in Other State Systems

For 18 payments made after a beneficiary's death (15 percent of the 118 sample payments), the beneficiaries had dates of death either in the death index or in encounter data.¹⁴

Beneficiaries associated with fifteen sample payments were identified as deceased through the State death index. The State agency made these payments after the beneficiary's death because the State Office of Vital Records interface did not update the dates of death for these beneficiaries. Also, the State Office of Vital Records moved from a mainframe system to a web-based system, and the State agency did not have access to the web-based system to verify a more recent date of death.

Beneficiaries associated with three sample payments were identified as deceased through encounter data obtained through GAMMIS. However, State agency personnel said that they do not use encounter data to update GAMMIS with date of death information.

As a result, the State agency made payments totaling \$21,686 (\$16,448 Federal share) after the beneficiary's death.

¹⁴ Encounter data is detailed data about individual services provided by a capitated managed care entity. The level of detail about each service reported is similar to that of a standard claim form.

The State Agency Did Not Use Alternative Sources to Verify Death

For nine payments made after a beneficiary's death (8 percent of the 118 sample payments), the State agency did not use additional, alternative sources such as Accurant or obituaries to determine the dates of death of the beneficiaries. The State agency said that it received the DMF but did not use the DMF to match dates of death against member records.

As a result, the State agency made payments after the beneficiary's death totaling \$9,084 (\$6,838 Federal share).

The State Agency Sometimes Made Payments After a Beneficiary's Death for Samples That Included the Date of Death

For four payments made after a beneficiary's death (3 percent of the 118 payments), the beneficiaries had dates of death in GAMMIS that matched the date of death in the DMF. Nevertheless, the State agency made payments on behalf of these deceased beneficiaries totaling \$997 (\$657 Federal share). The payments occurred because of an error in the payment system.

ESTIMATE OF CAPITATION PAYMENTS AFTER A BENEFICIARY'S DEATH

On the basis of our sample results, we estimated that the State agency made payments totaling \$2,168,278 (\$1,626,828 Federal share) after a beneficiary's death to MCOs during our audit period. State agency personnel are in the process of recovering these payments.

RECOMMENDATIONS

To avoid payments after a beneficiary's death, we recommend that the Georgia Department of Community Health:

- use additional sources of date of death to help reduce the risk of making payments after a beneficiary's death;
- implement additional controls to more effectively detect payments involving deceased beneficiaries to reduce the risk of payments after a beneficiary's death; and
- continue to identify payments made after a beneficiary's death to prevent additional payments similar to the \$2,168,278 identified in this report.

STATE AGENCY COMMENTS

In written comments on our draft report, Georgia generally concurred with our findings and described actions it has taken or plans to take to address our recommendations.

State agency comments are included in their entirety as Appendix F.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

From a database of 226,933 capitation payments totaling \$66,035,028 extracted from the State agency database system, we removed 220,630 capitation payments, totaling \$63,839,146 to refine our sampling frame. Our audit covered 2,979 Medicaid capitation payments to MCOs totaling \$2,195,882 (\$1,641,134 Federal share) made on behalf of beneficiaries whose dates of death preceded the payment dates. We reviewed capitation payments that the State agency made from July 1, 2009, through June 30, 2014 (audit period). These capitation payments were the most recent payments available at the time of our audit. We selected a stratified random sample of 120 capitation payments totaling \$109,788 (\$82,751 Federal share) for review.

We did not review the overall internal control structure of the State agency or its Medicaid program. Rather, we reviewed only those internal controls related to our objective. We limited our review to determining whether MCOs in Georgia received capitation payments on behalf of beneficiaries whose dates of death preceded the payment dates.

Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the State agency.

METHODOLOGY

To accomplish our objective, we:

- reviewed Federal and State laws, regulations, and guidance;
- gained an understanding of the State agency's internal controls over preventing, identifying, and correcting payments after a beneficiary's death;
- reviewed the State agency contracts with the MCOs during the period of our review;
- obtained from the State agency a file of capitation payments made to MCOs on behalf of Medicaid beneficiaries in Georgia for the audit period (the State agency file);
- matched the State agency file to the SSA DMF and identified 226,933 capitation payments totaling \$66,035,028 that the State agency made to MCOs from July 1, 2009, through June 30, 2014, on behalf of Medicaid beneficiaries who were deceased;

- eliminated 220,630 capitation payments totaling \$63,839,146¹⁵ because of various factors (see Appendix C);
- created a sampling frame from the capitation payment data of 2,979 capitation payments totaling \$2,195,882 (\$1,641,134 Federal share) that the State agency made to MCOs on behalf of beneficiaries whose dates of death preceded the payment dates;
- selected for review a stratified random sample of 120 capitation payments totaling \$109,788 (\$82,751 Federal share) made on behalf of deceased beneficiaries;
- obtained documentation, for each sample capitation payment, to support:
 - the beneficiaries' first and last names, SSNs, dates of birth (we ensured this information matched the DMF), and Medicaid identification numbers;
 - whether GAMMIS identified the beneficiaries' dates of death;
 - that a capitation payment occurred for the service month (we verified the accuracy of the paid amount); and
 - any adjustments to the sample capitation payment;
- used encounter data available in GAMMIS, date of death information from other State systems, Accurint, or obituaries to verify the accuracy of the DMF;
- compared the dates of death in the DMF and the dates of death that we verified for the 118 sample payments after a beneficiary's death;
- estimated the value of payments made after a beneficiary's death by using the Office of Inspector General, Office of Audit Services (OIG/OAS) statistical software; and
- determined the Federal share of the payments after a beneficiary's death by:
 - obtaining the annual FMAP rates from the Federal Register,
 - matching the FMAP rates to the sample capitation payments using the date originally paid,
 - quantifying the Federal payment by multiplying the payments by the applicable FMAP rate, and

¹⁵ This refinement left 6,303 capitation payments totaling \$2,195,882. We netted all capitation payments made to one MCO on behalf of a single beneficiary during a transaction month because, for some beneficiaries, the State agency made more than one capitation payment to an MCO for a transaction month. The resulting file consisted of 2,979 net capitation payments totaling \$2,195,882 from which we drew our sample.

- estimating the value of payments identified in our sample by using the OIG/OAS statistical software program.

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>California Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	A-04-18-06220	5/7/19
<i>Ohio Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	A-05-17-00008	10/04/18
<i>Wisconsin Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths</i>	A-05-17-00006	9/27/18
<i>Tennessee Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	A-04-15-06190	12/22/17
<i>Texas Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	A-06-16-05004	11/14/17
<i>Florida Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death</i>	A-04-15-06182	11/30/16

APPENDIX C: STATISTICAL SAMPLING METHODOLOGY

TARGET POPULATION

The population consisted of Medicaid capitation payments that the State agency made to MCOs from July 1, 2009, through June 30, 2014 (audit period). The State agency made these payments on behalf of Medicaid beneficiaries who were deceased.

SAMPLING FRAME

From a database of 226,933 capitation payments totaling \$66,035,028 extracted from the State agency database system, we removed 220,630 capitation payments, totaling \$63,839,146 to refine our sampling frame (Table 1).

Table 1: Capitation Payments Removed From the Sampling Frame

Number of Capitation Payments	Capitation Payment Amount	Reason for Removal
206,790	\$63,760,551	Paid during or prior to month of death—capitation payments were correct.
13,398	0.00	\$0 paid amount.
120	4,663	Capitation payments less than \$50.
322	73,933	Data match was deemed unreliable because of the SSN match—capitation payments potentially correct.
220,630	\$63,839,146*	Total
* The difference in the sum is due to rounding.		

This refinement left 6,303 capitation payments totaling \$2,195,882 in our sampling frame. We netted all capitation payments made to one MCO on behalf of a single beneficiary during a transaction month because, for some beneficiaries, the State agency made more than one capitation payment to an MCO for a transaction month. The resulting file consisted of 2,979 net capitation payments.

SAMPLE UNIT

The sample unit was a capitation payment to an MCO on behalf of a single beneficiary during a service month.

SAMPLE DESIGN AND SAMPLE SIZE

We used a stratified random sample. We divided the sampling frame into three strata, as shown in Table 2:

Table 2: Categories of Sampling Frame

Payment Range	Number of Payments in Frame	Amount of Payments in Frame	Sample Size
>\$50 through <\$500	1,114	\$240,395	40
>=\$500 through <\$1,300	1,596	1,519,928	40
>=\$1,300	269	435,559	40
Total	2,979	\$2,195,882	120

SOURCE OF RANDOM NUMBERS

We generated the random numbers using the OIG/OAS statistical software.

METHOD FOR SELECTING SAMPLE UNITS

We consecutively numbered the capitation payments within each stratum. After generating the random numbers for each stratum, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the total value and Federal share of payments made to MCOs on behalf of deceased beneficiaries during our audit period.

APPENDIX D: SAMPLE RESULTS AND ESTIMATES

Table 3: Sample Results

Stratum	Number of Capitation Payments	Value	Sample Size	Value of Sample	Number of Payments After Beneficiary's Death	Value of Payments After Beneficiary's Death
1	1,114	\$240,395	40	\$8,036	38	\$7,500
2	1,596	1,519,928	40	38,436	40	38,436
3	269	435,559	40	63,316	40	63,316
Totals	2,979	\$2,195,882	120	\$109,788	118	\$109,252

Table 4: Federal Share Amounts

Stratum	Number of Capitation Payments	Value	Sample Size	Value of Sample	Number of Payments After Beneficiary's Death	Value of Payments After Beneficiary's Death
1	1,114	\$167,138	40	\$5,637	38	\$5,248
2	1,596	1,145,103	40	29,000	40	29,000
3	269	328,893	40	48,114	40	48,114
Totals	2,979	\$1,641,134	120	\$82,751	118	\$82,362

Table 5: Estimated Value of Payments
(Limits Calculated for a 90-Percent Confidence Interval)

	Total Amount	Federal Share
Point estimate	\$2,168,278	\$1,626,828
Lower limit	2,119,353	1,588,489
Upper limit	2,217,203	1,665,166

APPENDIX E: FEDERAL AND STATE REQUIREMENTS

FEDERAL REQUIREMENTS

The Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the FMAP, which varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10).

In connection with the Medicaid managed care program, providers are defined as "any individual or entity that is engaged in the delivery of health care services and is legally authorized to do so by the State in which it delivers the services" (42 CFR § 400.203).

A capitation payment is "a payment the State agency makes periodically to a contractor on behalf of each beneficiary enrolled under a contract for the provision of medical services under the State plan. The State agency makes the payment regardless of whether the particular beneficiary receives services during the period covered by the payment" (42 CFR § 438.2).

STATE REQUIREMENTS

Reversal of CMO Capitation Claims (Policy No. OT003-FY2007)

- Capitation payments for members who are deceased

If the fiscal agent is notified by the CMO, Enrollment Broker, or Vital Statistics that a member is deceased, then any capitation payments that were made after the date of death are systematically prorated to the date of death and reversed.



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

Brian P. Kemp, Governor

Frank W. Berry, Commissioner

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Via Kiteworks

July 15, 2019

Lori S. Pilcher
Regional Inspector General for Audit Services
Department of Health and Human Services Office of Inspector General
Office of Audit Services, Region IV
61 Forsyth Street, SW, Suite 3T41
Atlanta, GA 30303

RE: Audit Report Number A-04-15-06183

Dear Ms. Pilcher,

The Georgia Department of Community Health (DCH) acknowledges and concurs with the findings of the U.S. Department of Health and Human Services Office of Inspector General's (HHS OIG) audit report number A-04-15-06183, entitled "Georgia Medicaid Managed Care Organizations Received Capitation Payments After Beneficiaries' Deaths."

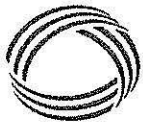
The audit reviewed capitation payments made to Managed Care Organizations (MCOs) from July 1, 2009 through June 30, 2014 and resulted in four findings related to capitation payments made after members' deaths. Each of the findings is addressed below, along with proposed actions to address additional data sources to mitigate payments in these instances and to facilitate timely recoupment when such payments are made.

Finding 1: The State Agency Made 87 Payments After a Beneficiary's Death for Dates of Death Prior to a System Conversion Date, Totaling \$77,485.

DCH concurs with HHS OIG's Finding 1, has recouped and refunded to CMS the payments in question, and considers this finding resolved.

Prior to October 2010, recoupment of capitation payments made to the MCOs for deceased members was a manual process. Due to the lack of automation, some payments for deceased members were not identified and recouped within 60 days, as required by CMS.

In October 2010, the recoupment of capitation payments made to DCH's contracted MCOs on behalf of deceased beneficiaries transitioned to an automated process within the Georgia Medicaid



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Management Information System (GAMMIS). GAMMIS receives information on deceased individuals from the Georgia Department of Public Health State Office of Vital Records (SOVR), the State Data Exchange (SDX), and the state Medicaid eligibility system.¹ GAMMIS automatically reviews the list of deceased individuals from these sources, and, if a deceased individual was a member enrolled in Georgia Medicaid, GAMMIS adds that member's date of death to the membership file. At the end of the month, during the monthly capitation payment cycle, GAMMIS automatically recoups any capitation paid to the MCOs on behalf of deceased members back to the date of the member's death.

The 87 payments identified by HHS OIG in Finding 1 were payments made prior to implementation of the automated process. Of the \$77,485 in payments identified by HHS OIG, DCH has recouped \$77,485. The federal share of these payments has been refunded to CMS.

Finding 2: The State Agency Did Not Update GAMMIS with Death Date Information Available in Other State Systems, resulting in 18 Payments Made After a Beneficiary's Death, Totalling \$21,686.

DCH concurs with HHS OIG's Finding 2, has recouped and refunded to CMS the payments in question, and considers this finding resolved.

Fifteen of the 18 payments identified by HHS OIG in Finding 2 were made on behalf of members that died prior to October 2010. Prior to October 2010, dates of death sent by SOVR were not consistently received and added to the membership files. For this reason, capitation continued to be paid on deceased members. In October 2010, the interface with SOVR was improved so GAMMIS now receives and imports dates of death for Medicaid members appropriately.

Three of the 18 payments identified by HHS OIG in Finding 2 were made on behalf of members that were not recorded as deceased by SOVR, the SDX, or the state Medicaid eligibility system, but were identified as deceased in the encounter claims data within GAMMIS. To facilitate identification of these members in the future, DCH will direct its fiscal agent to create a monthly report that lists members identified as deceased in the encounter data. DCH will review this report and, if warranted, manually add the date of death to the membership file.

Of the \$21,686 in payments identified by HHS OIG, DCH has recouped \$21,686. The federal share of these payments has been refunded to CMS.

¹ During the audit period, the state Medicaid eligibility system was SUCCESS.



Finding 3: The State Agency Did Not Use Alternative Sources to Verify Death, resulting in 9 Payments Made After a Beneficiary's Death, Totaling \$9,084.

DCH concurs with HHS OIG's Finding 3, has recouped and refunded to CMS the payments in question, and considers this finding resolved.

GAMMIS receives information on deceased individuals from SOVR, SDX, and the state Medicaid eligibility system and recoups capitation payments accordingly. The 9 payments identified by HHS OIG in Finding 3 were instances in which the records received did not include date of death information concerning the member. DCH will explore adding the Social Security Administration (SSA) Master Death Index as an additional data source to identify deceased members.

Of the \$9,084 in payments identified by HHS OIG, DCH has recouped \$9,084. The federal share of these payments has been refunded to CMS.

Finding 4: The State Agency Sometimes Made Payments After a Beneficiary's Death for Samples that Included the Date of Death, resulting in 4 Payments Made After a Beneficiary's Death, Totaling \$997.

DCH concurs with HHS OIG's Finding 4, has recouped and refunded to CMS the payments in question, and considers this finding resolved.

The four payments made after the member's death that had a date of death in the GAMMIS membership file identified in Finding 4 were a result of a defect in the capitation recoupment programming logic. Under the logic, if the member's date of birth was the same day as the member's date of death, GAMMIS did not recognize the date of death and did not recoup. This defect in the logic was corrected in GAMMIS on August 28, 2014 (Change Order 23777).

Of the \$997 in payments identified by HHS OIG, DCH has recouped \$997. The federal share of these payments has been refunded to CMS.

Estimate of Capitation Payments After a Beneficiary's Death

On the basis of the sample results, HHS OIG extrapolated that DCH made payments totaling \$2,168,278 to the MCOs after a member's death during the audit period. DCH's automated recoupment process has recouped a total of \$6,956,158.75 for payments made to the MCOs after a member's death during the audit period. The federal share of these recouped payments has been refunded to CMS.



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We submit that DCH has resolved the concern of recoupments associated with payments made to deceased beneficiaries of MCOs by automating the reconciliation process in GAMMIS which receives death date information from three sources and recoups payments accordingly. Furthermore, because DCH has recouped the 118 payments identified in the audit findings and refunded the federal share to CMS, as well as recouped and refunded an amount in excess of the \$2,168,278 estimated payments, no additional refund to CMS is required as a result of the findings in this audit.

We appreciate the opportunity to respond to the draft report. If there are questions, please contact the undersigned at lrhodes@dch.ga.gov.

Respectfully,

A handwritten signature in blue ink, appearing to read "Lynnette R. Rhodes".

Lynnette R. Rhodes, Esq.
Executive Director, Medical Assistance Plans