

## Report in Brief

Date: October 2022

Report No. A-04-21-07097

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



### Why OIG Did This Audit

Previous Office of Inspector General audits 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 number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these beneficiaries.

Our objective was to determine whether the California Department of Health Care Services (California) made unallowable capitation payments on behalf of beneficiaries with multiple Client Index Numbers (CINs).

### How OIG Did This Audit

Our audit covered approximately \$112.1 million (\$56.1 million Federal share) in Medicaid capitation payments California made to MCOs from July 1, 2015, through June 30, 2019, for the 12,686 beneficiary matches that we identified. We selected and reviewed a stratified random sample of 100 of these beneficiary matches.

## California Made Almost \$16 Million in Unallowable Capitation Payments for Beneficiaries With Multiple Client Index Numbers

### What OIG Found

California made unallowable capitation payments on behalf of beneficiaries with multiple CINs. Of the 100 beneficiary matches in our sample, California correctly made capitation payments on behalf of individuals associated with 24 beneficiary matches. However, it incorrectly made capitation payments that totaled \$657,057 (\$328,529 Federal share) on behalf of individuals associated with the remaining 76 beneficiary matches.

The unallowable capitation payments occurred because the associated beneficiaries had multiple CINs. According to California, human error caused it to assign multiple CINs to these beneficiaries. Specifically, during the file clearance process, California county staff made data entry errors that included misspelling beneficiaries' names. Also, staff transposed Social Security numbers, failed to identify and link multiple records, and did not always identify and resolve variations in beneficiaries' names. In addition, the algorithm that California used to create the Beneficiary Name and Date of Birth (DOB) Match Report was too broad and, thus, not effective. Further, California did not require county staff to review training materials.

On the basis of our sample results, we estimated that California made unallowable capitation payments totaling approximately \$31.4 million (\$15.7 million Federal share) on behalf of beneficiaries with multiple CINs during our audit period.

### What OIG Recommends and California Comments

We recommend that California: (1) refund to the Federal Government approximately \$15.7 million in unallowable payments, (2) review capitation payments that fell outside of our audit period and refund any unallowable payments, (3) ensure that the algorithm used to create its revised Beneficiary Name and DOB Match Reports is effective at detecting individuals with multiple records, (4) require county staff to review training materials on the prevention of issuing multiple CINs, and (5) enhance its controls to ensure that no beneficiary is issued multiple CINs.

In written comments on our draft report, California concurred with our recommendations and described the corrective actions that it has taken or plans to take to address them.