

Report in Brief

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



Why OIG Did This Review

Ohio makes capitation payments to five managed care organizations (MCOs) for beneficiaries in the Medicaid Managed Care (MMC) program. Previous OIG reviews in other States identified Medicaid payments made on behalf of ineligible beneficiaries and duplicative monthly capitation payments.

Our objective was to determine whether Ohio made capitation payments for its MMC program in accordance with certain Federal and State requirements.

How OIG Did This Review

Our review covered \$7.7 billion in MMC program capitation payments for July 1, 2014, through June 30, 2015 (audit period). We summed capitation payments by beneficiary and month. This resulted in 21.6 million beneficiary-months. We performed a risk assessment of those beneficiary-months to focus our sampling on moderate- to high-risk beneficiary-months. We determined 651,374 beneficiary-months (\$326.8 million) to be moderate- to high-risk and included those in the sampling frame. Finally, we selected a stratified random sample of 200 beneficiary-months from the sampling frame and reviewed related documentation.

Ohio Made Medicaid Capitation Payments That Were Duplicative or Were Improper Based on Beneficiary Eligibility Status or Demographics

What OIG Found

Ohio did not always make capitation payments for its MMC program in accordance with Federal and State requirements. For 135 of 200 sampled beneficiary-months, Ohio either made proper capitation payments or cancelled the capitation payments before we selected the sample. Capitation payments for the remaining 65 beneficiary-months were improper. Specifically, Ohio made duplicative monthly capitation payments (50 beneficiary-months), made capitation payments that did not correspond with the beneficiary's eligibility status or category (11 beneficiary-months), and made capitation payments that did not correspond with the beneficiary's age or gender (4 beneficiary-months). On the basis of our sample results, we estimated that Ohio claimed net overpayments totaling at least \$10.6 million (\$6.7 million Federal share) for beneficiary-months in the sampling frame. Generally, Ohio made these improper payments because eligibility system controls did not prevent them, payment system controls did not adjust them, or users entered incorrect data in the eligibility systems.

What OIG Recommends and Ohio Comments

We recommend that Ohio refund \$6.7 million to the Federal Government. We also make three procedural recommendations about controls to prevent improper capitation payments in the future.

In written comments on our draft report, Ohio agreed to refund \$6.7 million to the Federal Government. Ohio concurred with one of our procedural recommendations but did not concur with the other two. However, Ohio described actions it has taken or planned to take in response to all three procedural recommendations. After reviewing Ohio's comments, we maintain that our findings and recommendations are valid.