

Report in Brief

Date: August 2019

Report No. A-05-18-00026



Why OIG Did This Review

Previous OIG reviews found that States had improperly paid Medicaid Managed Care Organizations (MCOs) capitation payments on behalf of deceased beneficiaries. We conducted a similar review of the Illinois Department of Healthcare and Family Services, which administers the Medicaid program.

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

How OIG Did This Review

Our audit covered 11,358 monthly capitation payments, totaling \$5.9 million, with service dates during the period October 1, 2015, through September 30, 2017 (audit period), made on behalf of beneficiaries reported as deceased. To identify our population of deceased beneficiaries, we matched the Medicaid Management Information System (MMIS) data with the Social Security Administration's Death Master File using the beneficiaries' Social Security numbers, names, and dates of birth. We then identified all capitation payments that occurred at least 1 month after the beneficiaries' dates of death.

We selected a stratified random sample of 100 capitation payments totaling \$89,054 (\$53,408 Federal share) to confirm the status of the beneficiaries and to confirm whether payments were made on behalf of the deceased beneficiaries.

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

What OIG Found

We estimated that Illinois did not recover unallowable MCO payments made on behalf of deceased beneficiaries during our audit period, totaling at least \$4.6 million (\$3.2 million Federal share). We confirmed that 80 of the 94 beneficiaries associated with the 100 capitation payments in our stratified random sample were deceased. Illinois did not recover any of the 84 sampled capitation payments made on behalf of the 80 deceased beneficiaries, totaling \$74,319 (\$45,032 Federal share).

Illinois did not always process Medicaid beneficiaries' death information in the MMIS. Although Illinois' eligibility systems interfaced with Federal data exchanges that identify dates of death, Illinois did not enter the dates of death in the MMIS for the majority of our sampled beneficiaries.

What OIG Recommends and Illinois Comments

We recommend that Illinois (1) refund \$3.2 million to the Federal Government; (2) identify and recover unallowable payments made to MCOs during our audit period on behalf of deceased beneficiaries, which we estimate to be at least \$4.6 million; (3) identify capitation payments made on behalf of deceased beneficiaries before and after our audit period, and repay the Federal share of amounts recovered; and (4) ensure that dates of death are added to the MMIS for deceased beneficiaries that were previously marked as "inactive."

In written comments on our draft report, Illinois accepted our recommendations. Illinois said that it will determine whether beneficiaries identified in the audit are in fact deceased. For any beneficiaries Illinois confirms to be deceased, the capitation payments will be recouped and the Federal share refunded. Illinois said that it is in the process of procuring the SSA's Death Master File data and will compare that information with all beneficiaries to determine whether there are other payments for deceased beneficiaries that need to be recouped and refunded to the Federal Government. Illinois said that it will modify its system to ensure that dates of death are added for deceased beneficiaries that were previously marked inactive.