

## Report in Brief

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Report No. A-05-19-00007

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



### Why OIG Did This Audit

Previous OIG audits found that States had improperly paid Medicaid managed care organizations (MCOs) capitation payments on behalf of deceased beneficiaries. We conducted a similar audit of the Indiana Family and Social Services Administration, which administers the Medicaid program.

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

### How OIG Did This Audit

Our audit covered 1,746 monthly capitation payments, totaling \$1.3 million, with service dates during the period January 1, 2016, through December 31, 2017 (audit period), made on behalf of beneficiaries reported as deceased. To identify our population of deceased beneficiaries, we matched Indiana's 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' month of death.

We selected a stratified random sample of 100 capitation payments totaling \$85,657 (\$62,911 Federal share) to confirm that the beneficiaries were deceased and that payments made on behalf of the deceased beneficiaries were recovered.

## The Indiana State Medicaid Agency Made Capitation Payments to Managed Care Organizations After Beneficiaries' Deaths

### What OIG Found

Indiana made capitation payments on behalf of deceased beneficiaries. We confirmed that 70 of the 71 beneficiaries associated with the 100 capitation payments in our stratified random sample were deceased. Of the 100 capitation payments, Indiana made 95 unallowable payments totaling \$79,403 (\$58,773 Federal share). On the basis of our sample results, we estimated that Indiana made payments totaling at least \$1.1 million (\$862,097 Federal share) to MCOs on behalf of deceased beneficiaries during our audit period.

Indiana did not always fully process Medicaid beneficiaries' death information in the MMIS. Although the State agency's eligibility systems interfaced with Federal and State data exchanges that identify dates of death, the State agency did not enter the dates of death in the MMIS for 48 of our sampled beneficiaries. Additionally, the State agency did not recover the capitation payments for 22 sampled beneficiaries that did have a date of death in the MMIS.

### What OIG Recommends and Indiana Comments

We recommend that Indiana (1) refund \$862,097 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 \$1.1 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 and that capitation payments made after the beneficiaries' deaths are recovered.

In written comments on our draft report, Indiana concurred with all of our recommendations. Indiana said that it will recover the capitation payments identified in the audit and return the Federal share, recover capitation payments that were made for deceased beneficiaries during and outside of the audit period, and ensure that dates of death are added to the MMIS.