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

Nearly All States Made Capitation Payments for Beneficiaries Who Were Concurrently Enrolled in a Medicaid Managed Care Program in Two States

Why OIG Did This Audit

Most State Medicaid agencies pay managed care organizations to make services available to eligible Medicaid beneficiaries in return for a monthly fixed payment (capitation payment) for each enrolled beneficiary. Previous OIG audits found that States had improperly made capitation payments on behalf of beneficiaries who were residing and enrolled in Medicaid in another State. We are concerned that the concurrent Medicaid enrollment identified in our previous audits could be an issue that negatively impacts the Medicaid program nationwide.

Our objective was to determine whether States made capitation payments on behalf of Medicaid beneficiaries who were concurrently enrolled in a Medicaid managed care program in two States.

How OIG Did This Audit

Our audit covered $145.7 million and $234.2 million in Medicaid managed care capitation payments for August 2019 and August 2020, respectively, made by States on behalf of beneficiaries who were concurrently enrolled in a Medicaid managed care program in two States during the periods of July through September 2019 and July through September 2020.

To identify our population of concurrently enrolled beneficiaries, we compared CMS's Transformed Medicaid Statistical Information System (T-MSIS) data from 45 States, the District of Columbia, and Puerto Rico (together referred to as "47 States"). We then identified all associated August 2019 and August 2020 capitation payments that were made by two States for the same beneficiary.

What OIG Found

All 47 States reviewed made capitation payments on behalf of Medicaid beneficiaries who were concurrently enrolled in two States. Specifically, capitation payments were made on behalf of 208,254 concurrently enrolled beneficiaries in August 2019 and 327,497 concurrently enrolled beneficiaries in August 2020. The Medicaid program incurred costs of approximately $72.9 million in August 2019 and $117.1 million in August 2020 for capitation payments associated with beneficiaries in one of the two concurrently enrolled States. The significant increase in these payments from August 2019 to August 2020 coincided with an overall increase in Medicaid enrollment during that time, and new Federal requirements and flexibilities that were available to States during the COVID-19 public health emergency.

CMS does not actively monitor beneficiaries' concurrent Medicaid managed care enrollments; instead, it relies on the individual States to identify concurrent enrollments and potential erroneous payments. CMS does not provide States with T-MSIS national enrollment data that would assist them in identifying beneficiaries who were concurrently enrolled in a Medicaid managed care program in two States. Two States often made capitation payments for the same Medicaid beneficiary in part because States did not have full access to data they needed to identify beneficiaries who were concurrently enrolled in another State. Therefore, CMS does not take all available steps, either directly or through the States, to identify and prevent State capitation payments for non-resident beneficiaries.

What OIG Recommends and CMS Comments

We recommend that CMS provide States with matched T-MSIS enrollment data that identify Medicaid beneficiaries who were concurrently enrolled in a Medicaid managed care program in two States, and assist States with utilizing the data as needed to reduce future capitation payments made on behalf of beneficiaries concurrently enrolled in two States.

CMS did not concur with our recommendations. CMS stated the addition of T-MSIS monitoring could prove redundant, inefficient, and confusing to States, and CMS will continue to provide guidance and technical assistance to States as needed. We maintain that our recommendations are valid and plan to continue our work with States to identify opportunities to reduce the number and amount of concurrent Medicaid capitation payments.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/052000025.asp.