DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Office of Audit Services

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

May 1, 2003

Report Number: A-07-02-00145

Ms. Cecil Brady, Deputy Administrator for Medicaid
Nebraska Department of Health and Human Services
Finance and Support
Medicaid Division
P.O. Box 9502
Lincoln, Nebraska 68509

Dear Ms. Brady:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General, Office of Audit Services' (OAS) report entitled "Review of Nebraska Medicaid Payments for Services Provided to Deceased Recipients during the Period October 1, 1998 though June 30, 2000."

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C.552, as amended by Public Law 104-231), OIG, OAS reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.) As such, within ten business days after the final report is issued, it will be posted on the world-wide-web at http://oig.hhs.gov.

To facilitate identification, please refer to Report Number A-07-02-00145 in all correspondence relating to this report.

Sincerely yours,

James P. Aasmundstad
Regional Inspector General
for Audit Services

Enclosures - as stated

Direct Reply to HHS Action Official:

HHS ACTION OFFICIAL

A copy of this report will be forwarded to the action official noted below for his HHS ACTION OFFICIAL

Joe Tilghman, Consortium Administrator
Centers for Medicare & Medicaid Services (CMS)
Richard Bolling Federal Building
601 East 12th Street; Room 235
Kansas City, MO 64106-2808

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF NEBRASKA MEDICAID PAYMENTS FOR SERVICES PROVIDED TO DECEASED RECIPIENTS DURING THE PERIOD OCTOBER 1, 1998 THROUGH JUNE 30, 2000

JANET REHNQUIST
INSPECTOR GENERAL

MAY 2003
A-07-02-00145

Office of Inspector General

http://oig.hhs.gov/

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THIS REPORT IS AVAILABLE TO THE PUBLIC
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In accordance with the principles of the Freedom of Information Act, 5 U.S.C. 552, as amended by Public Law 104-231, Office of Inspector General, Office of Audit Services, reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed as well as other conclusions and recommendations in this report represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the awarding agency will make final determination on these matters.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Office of Audit Services

May 1, 2003

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

Report Number: A-07-02-00145

Ms. Cecil Brady, Deputy Administrator for Medicaid
Nebraska Department of Health and Human Services
Finance and Support
Medicaid Division
P.O. Box 9502
Lincoln, Nebraska 68509

Dear Ms. Brady:

This final report provides the results of our "Review of Nebraska Medicaid Payments for Services Provided to Deceased Recipients during the Period October 1, 1998 through June 30, 2000." The Nebraska Department of Health and Human Services Finance and Support - Medicaid Division (State) is charged with monitoring, identifying, and collecting payments made to Medicaid recipients for services claimed after the date of death. The objective of our review was to determine whether the State paid claims for deceased Medicaid recipients during the period of our review, and, if so, to determine the amount of the unallowable payments.

To accomplish our objective, we identified, using computer analysis, 1,140 claims totaling $72,311 representing 199 Medicaid recipients that were potentially paid after the date of death. Subsequently, we requested the State review these claims and determine if they were unallowable. After reviewing the claims, the State confirmed that $16,229 (Federal share $9,901) involving 141 claims were unallowable. Also, the State referred six recipients with claims of $2,817 (Federal share $1,722) to the State's Surveillance and Utilization Review (SURS) Unit because false Social Security numbers (SSNs) were used to obtain eligibility for Medicaid. The SURS has indicated they will pursue all claims relating to these ineligible individuals.

We are recommending the State recover the unallowable payments of $16,229 (Federal share $9,901) involving the 141 claims for services after date of death and to pursue the collection of all payments for the six individual who were not eligible for Medicaid. The State agreed with our findings.

INTRODUCTION

Background

The Social Security Administration (SSA) keeps the most thorough death record information in the Federal government. The SSA purchases death certificate information from state governments as well as obtaining death notifications from funeral homes, friends, and family. The SSA uses this information to terminate benefits of the deceased and to match the State's death records against SSA payment records to identify and prevent erroneous payments after death.

Nebraska records date of death information in its eligibility system, the Nebraska Family Online Client User System (NFOCUS). This system assigns a unique 11-digit Medicaid identification number to each client. It also maintains the client's SSN data.

Eligibility workers receive information about a recipient's death from statistical reports from the Nebraska Department of Health and Human Services, Vital Records Section (Vital Records), first hand community knowledge, newspaper obituaries, Beneficiary Data Exchange reports, and nursing home turnaround billing documentation. Matches with Vital Records' statistical reports for date of death are performed at least once a month, but are usually performed more frequently. The State began matching with the Vital Records' statistical reports during October 1999 and has continued this procedure except for the period from January through June 2001, when the procedure was stopped due to an administrative glitch.

Information from the NFOCUS is entered into Nebraska's Medicaid Management Information System (MMIS). Claims are entered, processed, and paid by the Claims Processing Unit of the Medicaid Division through the MMIS, which is maintained by the Information Management Services of the Nebraska Department of Administrative Services. Computer edits are utilized to prevent the payment of claims that contain errors.

For the fiscal year ended 1999, the Nebraska State Auditor had performed a limited review of payments after the date of death using claims submitted for recipients over 100 years of age. After finding ten pharmacy claims paid after the recipients date of death, the auditor recommended edit checks to prevent similar payment problems.

Objective

The objective of our review was to determine whether the State paid claims for services provided for deceased Medicaid recipients during the period October 1, 1998 through June 30, 2000 and, if so, to determine the amount of the unallowable payments.

Scope

Our review was conducted in accordance with generally accepted government auditing standards, except the review did not require an understanding or assessment of the overall internal control structure. The review was not in sufficient detail to ensure the detection of system weaknesses that could affect the allowability of costs claimed.

Methodology

We requested from our Advanced Technique Staff (ATS) a match of the MMIS's payment data and SSA's Master Death file that would show whether Medicaid payments had been made after a Medicaid recipient's date of death (as shown in SSA's Master Death file during the period October 1, 1998 through June 30, 2000). The data retrieved by our ATS indicated there were 1,140 paid claims totaling $72,311 representing 199 Medicaid recipients.

To accomplish our objective, we requested the State review all 199 Medicaid recipients and determine if the 1,140 claims were unallowable based on the date of death as recorded by Vital Records. The State agreed to review the claims paid after death for the 199 Medicaid recipients. We relied on the State to review and subsequently recover the unallowable claims.

The audit work was performed during the period February through November 2002 at the State office in Lincoln, Nebraska, the regional office in Kansas City, Missouri, and the field office in Jefferson City, Missouri.

FINDINGS AND RECOMMENDATIONS

During our audit period, the State paid a total of $16,229 (Federal share $9,901) in Medicaid payments involving 141 claims for services after the date of death that was unallowable. Also, six recipients with payments for services after the date of death were referred to the SURS fraud unit because they used false SSNs to obtain eligibility for Medicaid.

Payments Made for Services to Deceased Recipients

Based on the review of 199 Medicaid recipients, we determined, with the State's concurrence, that $16,229 (Federal share $9,901) involving 141 claims were paid for services after the date of death, and were therefore unallowable. The State indicated that they intended to recover the overpayments.

Ineligible Recipients

The State referred six recipients to the Nebraska SURS fraud unit because these recipients used false SSNs to obtain eligibility for Medicaid. These ineligible recipients had fraudulent claims of $2,817 (Federal share $1,722) that were identified during our review. However, the Nebraska Medicaid SURS fraud unit will pursue collection of all payments for these individuals -- regardless of whether the recipient died. The claims obtained during our review were paid after the date of death, as recorded in the SSA Master Death File, but the SSNs provided by the recipients were false and, thus, the dates of death were also false.

The State indicated they have no plans for recovering the unallowable payments from the providers because they provided services to a person based on a valid Medicaid card and recovering the money from the recipients might be difficult. We did not retrieve all claims for these recipients, but only those claims for services after the date of death.

RECOMMENDATIONS

We are recommending the State:

- Recover the unallowable payments of $16,229 (Federal share $9,901) in total Medicaid payments representing 141 claims for services after the date of death.

- Pursue the collection of any payments for the six recipients who were not eligible for Medicaid. In this review, we have identified payments of $2,817 (Federal share $1,722) that were unallowable.

State's Comments and OIG's Response

State's Comments

"The State agrees that $15,716.51 was paid in error. A total of $265.51 in fee-for-service payments and a total of $15,451.00 in capitation payments were made where a recipient's death was not reported or recorded in time to prevent the payment."

"The Surveillance and Utilization Review Unit, Medicaid Division, Department of Health and Human Services Finance and Support has referred six recipients with claims of $2,817 to the Fraud Investigation Manager in Special Investigations Unit, Health and Human Services Regulation and Licensure."

OIG's Response

We disagree that the capitation overpayments were $15,451 as asserted by the State in their comments. Our review indicated-- and the State has confirmed after contacting them --that the correct capitation overpayment amount is $15,963, which was the figure in our draft report. Therefore, the total overpayments were $16,229 (capitation payments of $15,963 and fee-for service payments of $266). The State agreed with our finding concerning the overpayments, but did not specifically address our recommendation.

Concerning our finding of six possible recipients with claims who were not eligible for Medicaid, the State agreed with our finding and has referred the fraudulent recipients to the appropriate agency for review and collection, as we had recommended.

The State's response is presented as Appendix A.

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Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

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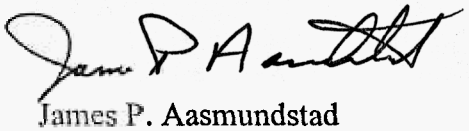
Sincerely,



James P. Aasmundstad
Regional Inspector General
for Audit Services

Enclosures

HHS ACTION OFFICIAL

Joe Tilghman, Consortium Administrator
Centers for Medicare & Medicaid Services (CMS)
Richard Bolling Federal Building
601 East 12th Street; Room 235
Kansas City, MO 64106-2808

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM

DEPARTMENT OF SERVICES • DEPARTMENT OF REGULATION AND LICENSURE
DEPARTMENT OF FINANCE AND SUPPORT

STATE OF NEBRASKA
MIKE JOHANNS, GOVERNOR

March 4, 2003

James P. Aasmundstad
Regional Inspector General for Audit Services
Office of the Inspector General, Region VII
601 East 12th Street, Room 284A
Kansas City, MO 64104

Dear Mr. Aasmundstad:

Thank you for your draft report dated February 3, 2003, concerning payments allegedly paid after a recipient's date of death.

The following are comments and corrections to your draft report:

1. The single state Medicaid agency is titled "The Department of Health and Human Services Finance and Support." The Medicaid Division is within that Nebraska state agency or department.

2. The State agrees that $15,716.51 was paid in error. A total of $265.51 in fee-for-service payments and a total of $15,451.00 in capitation payments were made where a recipient's death was not reported or recorded in time to prevent the payment.

3. The Surveillance and Utilization Review Unit, Medicaid Division, Department of Health and Human Services Finance and Support has referred six recipients with claims of $2,817 to the Fraud Investigation Manager in Special Investigations Unit, Health and Human Services Regulation and Licensure. The Special Investigations Unit is responsible for investigating recipient fraud including a recipient's use of false Social Security Numbers (SSNs) to obtain eligibility for Medicaid. The Special Investigations Unit is also responsible for collection of recipient overpayment or fraud. The cases are under review by the Special Investigations Unit.

4. Claims are entered, processed and paid by the Claims Processing Unit of the Medicaid Division through the MMIS, which is maintained by Information Management Services of the Nebraska Department of Administrative Services.

5. Of the 199 recipients reviewed, the SSA reported date of death was erroneous for 40 recipients, or an error rate of 20.1% verified by the State through a Certified Death Certificate.

[redacted]

Auditor's Note: Comments deleted because they are no longer relevant.

Sincerely,

Cecile A. Brady, JD.
Deputy Medicaid Administrator

B3063D

ACKNOWLEDGMENTS

This report was prepared under the direction of James P. Aasmundstad, Regional Inspector General for Audit Services. Other principal Office of Audit Services staff that contributed include:

Thomas Suttles, *Audit Manager*
Joseph Mickey, *Senior Auditor*
William Batusic, *Auditor*

For information or copies of this report, please contact the Office of Inspector General's Public Affairs office at (202) 619-1343.