

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**TEXAS MADE UNALLOWABLE
CHILDREN'S HEALTH INSURANCE
PROGRAM PAYMENTS FOR
BENEFICIARIES ASSIGNED MORE
THAN ONE IDENTIFICATION NUMBER**

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**July 2021
A-06-20-10003**

Office of Inspector General

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Report in Brief

Date: July 2021

Report No. A-06-20-10003

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



Why OIG Did This Audit

Previous OIG audits identified Federal Medicaid reimbursement for managed care payments that were not claimed in compliance with Federal requirements. Specifically, some beneficiaries enrolled in Medicaid managed care had more than one identification number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these beneficiaries. An analysis of the Texas Children's Health Insurance Program (CHIP) data indicated that Texas may have made unallowable CHIP payments to MCOs for beneficiaries assigned more than one identification number.

Our objective was to determine whether Texas claimed Federal reimbursement for unallowable CHIP payments made to MCOs on behalf of beneficiaries who were assigned more than one identification number.

How OIG Did This Audit

We limited our audit to CHIP payments Texas made to MCOs for the same beneficiary under different identification numbers for the same month. Specifically, we identified 599 beneficiary-matches with payments totaling \$1.9 million (\$1.8 million Federal share) that the State agency claimed for the period January 1, 2016, through October 31, 2019.

Texas Made Unallowable Children's Health Insurance Program Payments for Beneficiaries Assigned More Than One Identification Number

What OIG Found

Texas claimed Federal reimbursement for unallowable CHIP payments made to MCOs on behalf of beneficiaries who were assigned more than one identification number. For the 599 beneficiary-matches, Texas improperly paid MCOs \$922,557 (\$856,456 Federal share) on behalf of 572 beneficiaries. Texas made the unallowable payments to MCOs under the different identification numbers for the same month. The remaining 27 beneficiary-matches were different individuals.

Texas attributed the unallowable payments to eligibility worker and system errors. Specifically, eligibility workers did not ensure that beneficiaries were assigned only one identification number during the application process. Additionally, the State agency stated that it had already identified more than half of the beneficiaries included in our audit as having more than one identification number but that it encountered system compatibility issues that would not allow the data integrity workers to properly merge beneficiary records with both a CHIP and Medicaid history.

What OIG Recommends and Texas Comments

We recommend that Texas (1) refund \$856,456 to the Federal Government, (2) identify and recover additional unallowable CHIP payments made before and after our audit period for the 572 beneficiary-matches and repay the Federal share, (3) identify any other beneficiaries who are assigned more than one identification number and refund any unallowable CHIP payments associated with those beneficiaries, and (4) strengthen its procedures for determining whether applicants are enrolled in any medical or public assistance benefit programs throughout the State and ensure that no beneficiary is assigned more than one identification number.

In written comments on our draft report, the State agency concurred with most issues and associated recommendations. Regarding the first recommendation, the State agency stated that it cannot concur with the finding until it conducts further research and performs an analysis of its member records and managed care capitation files to ensure that the unallowable capitation payments identified in our audit were not already refunded to the Federal Government. The State agency concurred with the remaining three recommendations. We maintain that our finding and recommendations remain valid.

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INTRODUCTION

WHY WE DID THIS AUDIT

Previous Office of Inspector General (OIG) audits identified Federal Medicaid reimbursement for managed care payments that were not claimed in compliance with Federal requirements.¹ Specifically, some beneficiaries enrolled in Medicaid managed care had more than one identification number. As a result, Medicaid managed care organizations (MCOs) received unallowable monthly Medicaid payments for these beneficiaries. An analysis of the Texas Children's Health Insurance Program (CHIP) data indicated that the Texas Health and Human Services Commission (the State agency) may have made unallowable CHIP payments to MCOs for beneficiaries assigned more than one identification number.

OBJECTIVE

Our objective was to determine whether the State agency claimed Federal reimbursement for unallowable CHIP payments made to MCOs on behalf of beneficiaries who were assigned more than one identification number.

BACKGROUND

State Children's Health Insurance Programs

Title XXI of the Social Security Act authorizes Federal grants to States for providing child health assistance to uninsured, low income children. The program is jointly financed by the Federal and State Governments and administered by the States. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its CHIP program in accordance with a CMS-approved State plan. Within broad Federal rules, each State decides eligible groups, types and ranges of services, payment levels for benefit coverage, and administrative and operating procedures.

Texas' Children's Health Insurance Program

In Texas, the State agency administers CHIP. Texas' CHIP provides low-cost health coverage for children from birth through age 18 and perinatal services for pregnant women and unborn children. The State agency's Access and Eligibility Services (AES), Eligibility Operations department, is responsible for determining eligibility for several State benefit programs, including CHIP. The State agency contracts with MCOs to provide, arrange for, and coordinate covered services for enrolled beneficiaries.

¹ See Appendix B for related OIG reports.

Capitation Payments

Under its CHIP, the State agency pays MCOs a monthly fee, known as a capitation payment, to ensure that each enrolled beneficiary has access to a comprehensive range of medical services. A capitation payment is “a payment the State [agency] makes periodically to a contractor on behalf of each beneficiary enrolled under a contract for the provision of medical services under the State plan. The State [agency] makes the payment regardless of whether the particular beneficiary receives services during the period covered by the payment” (42 CFR § 438.2). The State agency may retroactively adjust a payment made to the MCO for a member if: (1) the member’s eligibility status or program type is changed, corrected as a result of error, or is retroactively adjusted, or (2) the Member is enrolled into the MCO in error (Texas Uniform Managed Care Contract § 10.08). The State agency must refund the Federal share of CHIP overpayments to CMS (42 CFR § 457.232).

Children’s Health Insurance Program Eligibility Information

The State agency maintains CHIP eligibility information in its Texas Integrated Eligibility Redesign System (TIERS). The AES Eligibility Operations department is responsible for determining eligibility for individuals applying for CHIP (applicant) by verifying all eligibility criteria in the TIERS for applications received in person at a local eligibility office, by mail, fax, phone, or through the self-service portal.²

Assignment of Identification Numbers

The TIERS initiates an automated process called a file clearance, which compares an applicant’s name, date of birth, and social security number (SSN) with all other beneficiary information in the State agency’s eligibility system and produces a list of beneficiaries who have a similar, or the same, SSN, and last name or first name, or both. For all potential matches, the State agency stated that eligibility workers must perform a thorough inquiry to determine whether an applicant is receiving medical or public assistance benefits at the time of the application, or has previously applied for or received benefits, and whether the applicant already has an existing identification number before a new identification number is assigned. All applicant case file information (i.e., applications, birth certificates, wage information, identification) is stored electronically in the State Portal Image Repository.

Detection of Beneficiaries Assigned More Than One Identification Number

The State agency has a process for detecting beneficiaries who may have been assigned more than one identification number. For example, the State agency’s AES Data Integrity department used “Potential Duplicate” reports to identify beneficiaries who may have been accidentally assigned more than one identification number. If data integrity workers identified a beneficiary

² The TIERS maintains and processes information about the individuals who are eligible for benefits under all assistance programs, including CHIP.

who was assigned more than one identification number, then the staff member would merge the two beneficiary records in TIERS and make the appropriate updates to inactivate the identification number that should not be used. The State agency's AES Quality Assurance workers perform beneficiary case file reviews to assess the accuracy of the beneficiary records that were merged by the data integrity workers.

HOW WE CONDUCTED THIS AUDIT

We limited our audit to CHIP payments the State agency made to MCOs for the same beneficiary under different identification numbers for the same month. Specifically, we identified 599 beneficiary-matches³ with payments totaling \$1,921,396 (\$1,783,669 Federal share) that the State agency claimed for the period January 1, 2016, through October 31, 2019. For purposes of this audit, we defined a beneficiary-match to be either (1) a beneficiary with more than one identification number associated with the same SSN or (2) a beneficiary who did not provide, or was not required to provide, an SSN but whose selected personal information (i.e., the first five characters of the first name, the last name, the date of birth, and sex) was identical for more than one identification number.⁴

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology.

FINDING

The State agency claimed Federal reimbursement for unallowable CHIP payments made to MCOs on behalf of beneficiaries who were assigned more than one identification number. Of the 599 beneficiary-matches, the State agency improperly paid MCOs \$922,557 (\$856,456 Federal share) on behalf of 572 beneficiaries. The State agency made the unallowable payments to MCOs for the same beneficiary under different identification numbers for the same month. The remaining 27 beneficiary-matches were different individuals.

The State agency may retroactively adjust a payment made to the MCO for a member if: (1) the member's eligibility status or program type is changed, corrected as a result of error, or is retroactively adjusted, or (2) the Member is enrolled into the MCO in error (Texas Uniform Managed Care Contract § 10.08). The State agency must refund the Federal share of CHIP

³ We performed data analytics to identify these 599 beneficiary-matches.

⁴ The State agency conducted its own review of the identified beneficiary-matches and determined whether the individuals were the same person and assigned more than 1 identification number.

overpayments to CMS (42 CFR § 457.232). Overpayments are amounts that exceed allowable amounts and would include unallowable capitation payments made on behalf of the same beneficiary for the same coverage of services.

The State agency attributed the unallowable payments to eligibility worker and system errors. The State agency stated that beneficiaries were assigned more than one identification number during the TIERS file clearance process. Specifically, eligibility workers failed to perform a thorough inquiry of an applicant's information before assigning an identification number. Additionally, eligibility workers assigned an identification number for individuals with common names and no SSN because they did not have enough information to determine whether the individual had an existing identification number. In both instances, individuals were incorrectly assigned more than one identification number.

In addition, the State agency stated that it had already identified more than half of the beneficiaries included in our audit as having more than one identification number. However, it encountered system compatibility issues that would not allow the data integrity workers to properly merge beneficiary records with both a CHIP and Medicaid history. After our audit period, the State agency stated that it had corrected those system compatibility issues.

RECOMMENDATIONS

We recommend that the Texas Health and Human Services Commission:

- refund \$856,456 to the Federal Government,
- identify and recover additional unallowable CHIP payments made before and after our audit period for the 572 beneficiary-matches and repay the Federal share,
- identify any other beneficiaries who are assigned more than one identification number and refund any unallowable CHIP payments associated with those beneficiaries, and
- strengthen its procedures for determining whether applicants are already enrolled in any medical or public assistance benefits throughout the State and ensure that no beneficiary is assigned more than one identification number.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, the State agency concurred with most issues and associated recommendations. Regarding the first recommendation, the State agency stated that it cannot concur with the finding until additional research is completed to determine whether the unallowable payments were already refunded to the Federal Government. Specifically, the State agency previously identified unallowable capitation payments made to MCOs for beneficiaries dually enrolled in CHIP and Medicaid from June 1, 2015, through January 31, 2018. Because a portion of this timeframe overlaps with our audit period, the State

agency stated that Medicaid and CHIP Services (MCS) would conduct further research and analysis of its member records and managed care capitation files to ensure that the unallowable capitation payments identified in our audit were not already refunded to the Federal Government. Once the analysis is completed, the State agency will refund any unallowable payments not already refunded.

The State agency concurred with the remaining three recommendations. Regarding the second and third recommendations, the State agency stated that the AES Eligibility Operations department provided a list of individuals with multiple identification numbers to MCS to identify, recover, and refund any unallowable CHIP payments. Regarding the fourth recommendation, although the AES Eligibility Operations department implemented several modifications to TIERS in 2016, the State agency described additional actions that it planned to take to prevent individuals from being assigned more than one identification number. These actions included (1) modifying the “Potential Duplicate” report to improve beneficiary-matches, (2) reinforcing the importance of conducting an inquiry when adding an individual to TIERS, and (3) reminding eligibility workers of the process for verifying whether an individual already has an identification number during the application process.

The State agency’s comments are included in their entirety as Appendix C.

After reviewing the State agency’s comments, we maintain that our finding and recommendations remain valid.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered CHIP payments the State agency made to MCOs for 599 beneficiary-matches⁵ with payments totaling \$1,921,396 (\$1,783,669 Federal share) for the period January 1, 2016, through October 31, 2019.

We limited our audit of the State agency's internal controls to those applicable to our objective. Specifically, we obtained an understanding of the State agency's procedures for assigning identification numbers to eligible beneficiaries and ensuring that the beneficiaries have only one active identification number.

We performed our audit work from July 2020 through April 2021.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations and the State agency's CMS-approved Uniform Managed Care contract,
- met with the State agency to gain an understanding of the procedures for assigning identification numbers and for preventing the assignment of more than 1 identification number,
- identified 599 beneficiary-matches with CHIP payments totaling \$1,921,396 (\$1,783,669 Federal share),
- requested that the State agency conduct its own review of the identified beneficiary-matches to determine whether the individuals were the same person and assigned more than 1 identification number,
- evaluated the documentation obtained from the State agency for the beneficiary-matches that it determined were not the same individual, and
- determined the unallowable CHIP payments the State agency made to MCOs and calculated the Federal reimbursement claimed for those unallowable payments.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

⁵ We performed data analytics to identify these 599 beneficiary-matches.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>New York Made Unallowable Payments Totaling More Than \$9 Million to the Same Managed Care Organization for Beneficiaries Assigned More Than One Medicaid Identification Number</i>	<u>A-02-20-01007</u>	5/11/2021
<i>Florida Made Almost \$4 Million in Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid ID Numbers</i>	<u>A-04-18-07080</u>	3/23/2020
<i>New York Made Unallowable Payments Totaling More Than \$10 Million for Managed Care Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<u>A-02-18-01020</u>	2/20/2020
<i>Tennessee Made Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<u>A-04-18-07079</u>	10/29/2019
<i>Georgia Made Unallowable Capitation Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<u>A-04-16-07061</u>	12/27/2017
<i>Texas Made Unallowable Medicaid Managed Care Payments for Beneficiaries Assigned More Than One Medicaid Identification Number</i>	<u>A-06-15-00024</u>	3/01/2017
<i>New York State Made Unallowable Medicaid Managed Care Payments for Beneficiaries Assigned Multiple Medicaid Identification Numbers</i>	<u>A-02-11-01006</u>	4/15/2013

APPENDIX C: STATE AGENCY COMMENTS

Texas Health and Human Services Commission (HHSC)
June 14, 2021, Management Response to the
U.S. Department of Health and Human Services Office of Inspector General
Draft Report dated April 9, 2021 - A-06-20-10003

"Texas Made Unallowable Children's Health Insurance Program Payments for Beneficiaries Assigned More Than One Identification Number"

Summary of the Management Response

The Texas Health and Human Services Commission (HHSC) concurs with most issues and associated recommendations. HHSC cannot concur with Recommendation 1a until additional research regarding the HHSC OIG Inspection is complete. HHS is taking appropriate actions necessary to fully address each of the remaining issues identified in the report.

Management Response Recommendation 1a

Recommendation 1a: We recommend that the Texas Health and Human Services Commission (HHSC) refund \$856,456 to the Federal Government.

Statement of Concurrence or Nonconcurrence

HHSC cannot concur with the finding until additional research regarding the HHSC OIG Inspections conducted in 2018 is completed.

Actions Taken and/or Planned

In 2018, the Texas HHS Office of Inspector General (OIG) completed an Inspection, Duplicate Capitation Payments to Managed Care (INS 17-006), covering duplicate capitation payments made to managed care for clients dually enrolled in CHIP and Medicaid from June 1, 2015 through January 31, 2018. This timeframe overlaps with the audit review period of January 1, 2016 through October 31, 2019. The overlap with the HHS OIG inspection was not considered during this audit.

HHSC will research client lists used for the Texas HHS OIG Inspection to determine if there was an overlap in scope and/or the clients identified to have duplicate capitation payments. MCS will conduct further research and analysis of its member records and managed care capitation files to ensure duplicate capitation payments identified in the audit were not already refunded to the Federal Government as a result of the HHSC OIG Inspection. Once MCS completes this analysis, HHSC will refund any managed care payment amounts confirmed as unallowable to the Federal Government.

Responsible Manager

Rachel Patton, Deputy Associate Commissioner, Program Enrollment and Support

Target Implementation Date

February 28, 2022

Management Response to Recommendation 1b

Recommendation 1b: We recommend that the Texas Health and Human Services Commission identify and recover additional unallowable CHIP payments made before and after our audit period for the 572 beneficiary-matches and repay the Federal share.

Statement of Concurrence or Nonconcurrence

HHSC concurs with this recommendation.

Actions Taken and/or Planned

To resolve this issue, Access and Eligibility Services (AES) identified, merged and a provided a list of individuals with multiple client IDs to Medicaid and CHIP Services (MCS). MCS will lead efforts to identify, recover and refund unallowable CHIP payments.

AES evaluated member records between February 2013 and December 2015, which was prior to the audit period, to identify individuals who were historically or dually enrolled in Medicaid, CHIP, or CHIP-P and had more than one client ID. AES identified 5,610 beneficiary matches during this period. AES completed merges for the client IDs identified prior to the audit period in October 2020. AES provided the list of individuals with multiple client IDs during this period to MCS on May 18, 2021.

AES also reviewed member records between December 2019 and December 2020, which was after the audit period and identified 8 individuals with multiple client IDs. AES completed merges for the client IDs identified after

to the audit period in December 2020. AES provided the list of individuals with multiple client IDs during this period to MCS on May 19, 2021.

MCS will research the client lists used for the Texas HHS OIG Inspection to determine if there was an overlap in scope and/or the clients identified to have duplicate capitation payments. MCS will conduct further research and analysis of its member records and managed care capitation files to determine if funds for the duplicate capitation payments identified in the audit were refunded to the Federal Government through the automated adjustment process. Once MCS completes this analysis, HHSC will refund to the Federal Government any managed care payment amounts confirmed as unallowable for the 572 beneficiary matches before or after the audit period.

Responsible Manager

William “Bill” D’Aiuto, Associate Commissioner, Eligibility Operations
Rachel Patton, Deputy Associate Commissioner, Program Enrollment and Support

Target Implementation Date

February 28, 2022

Management Response to Recommendation 1c

Recommendation 1c: We recommend that the Texas Health and Human Services Commission identify any other beneficiaries who are assigned more than one identification number and refund any unallowable CHIP payments associated with those beneficiaries.

Statement of Concurrence or Nonconcurrence

HHSC concurs with this recommendation.

Actions Taken and/or Planned

To resolve this issue, AES identified, merged and provided a list of individuals with multiple client IDs to MCS. MCS will lead efforts to identify, recover and refund any unallowable CHIP payments.

AES evaluated member records between January 2016 and November 2019, to identify any other individuals who were historically or dually enrolled in Medicaid, CHIP, or CHIP-P and had more than one client ID. AES identified 11,193 beneficiary matches during this period. AES completed merges for the client IDs in October 2020. AES provided the list of individuals with multiple client IDs during this period to MCS on May 18, 2021.

MCS will research client lists used for the Texas HHS OIG Inspection to determine if there was an overlap in scope and/or the clients identified to have duplicate capitation payments. MCS will conduct further research and analysis of its member records and managed care capitation files to determine if funds for the duplicate capitation payments identified in the audit were refunded to the Federal Government through the automated adjustment process. Once MCS completes this analysis, HHSC will refund any managed care payment amounts confirmed as unallowable to the Federal Government.

In December 2019, HHSC implemented new Texas Integrated Eligibility Redesign System (TIERS) functionality providing staff responsible for data integrity the ability to merge multiple client IDs for individuals with CHIP or CHIP perinatal coverage. This functionality did not previously exist for these services.

AES also reprioritized the associated tasks assigned to data integrity staff to resolve erroneous multiple client IDs for these services to be completed daily.

The added functionality and expedited timeframe for resolution will allow multiple client IDs for an individual to be resolved early in the process and will reduce incidents of individuals with duplicate capitation payments.

Potential matches are also identified via weekly and monthly reporting in TIERS, Premium Payable System (PPS), and the Enrollment Broker system. Data Integrity staff have integrated these tools into their daily processes and procedures to prevent individuals from having multiple client IDs and receiving duplicate capitation payments.

Responsible Manager

William “Bill” D’Aiuto, Associate Commissioner, Eligibility Operations
Rachel Patton, Deputy Associate Commissioner, Program Enrollment and Support

Target Implementation Date

February 28, 2022

Management Response to Recommendation 1d

Recommendation 1d: We recommend that the Texas Health and Human Services Commission strengthen its procedures for determining whether applicants are already enrolled in any medical or public assistance benefits throughout the State and ensure that no beneficiary is assigned more than one identification number.

Statement of Concurrence or Nonconcurrence

HHSC concurs with this recommendation.

Actions Taken and/or Planned

Since September 2016, AES has implemented several modifications to TIERS to prevent individuals from being assigned more than one identification number, which include:

- enabled real-time Social Security Number (SSN) validation against Social Security Administration (SSA) information prior to certification,
- strengthened the file clearance process, which generates potential match results for individuals in TIERS based on their demographic information, to invoke State Only Query (SOLQ) and validate an SSN against information from SSA before a client ID is assigned to an individual, prior to this change eligibility staff manually validated an SSN after the creation of a client ID through the SOLQ interface
- developed the "DG 16 Potential Duplicate Report" for use by data integrity staff to capture all potential duplicate SSNs and client IDs in TIERS,
- developed the "Dual Enrollment Report" for use by data integrity staff to identify and address potential duplicate capitation payments before they are made to Managed Care Organizations (MCOs);
- created the Multiple Medicaid ID report for use by data integrity staff to identify individuals that may have multiple Medicaid IDs using source information from a monthly SSN file from the Premium Payable System (PPS)
- modified notifications to the Enrollment Broker managed care system to occur when merge or separate updates are completed.

- added new TIERS functionality and to expedite timeframes for merging duplicate client IDs associated to CHIP or CHIP perinatal services.

As part of ongoing efforts to improve processes and strengthen procedures related to preventing duplicate client IDs, AES plans to conduct the following activities:

- modify the DG16 Potential Duplicate Report to improve matches that occur using an individual's SSN, Name, or DOB. This change will more accurately capture individuals with multiple client IDs in the report.
- reinforce the importance of conducting inquiry when adding an individual to TIERS for new eligibility staff by modifying instructions to trainers, and
- remind current eligibility workers about the process for verifying if an individual already has a client ID at application or recertification.

Key Interim Milestones:

- Send a Success Express Tip email reminder to eligibility workers to reinforce the process for verifying if an individual already has a client ID- June 30, 2021
- Modify instructions to Trainers to reinforce the importance conducting inquiry searches - August 31, 2021.
- Complete the modifications to the DG16 Potential Duplicate report- February 28, 2022
- Inform staff of the DG16 report changes- February 28, 2022
- Implement changes - March 31, 2022

Responsible Manager

William "Bill" D'Aiuto, Associate Commissioner, Eligibility Operations

Target Implementation Date

March 31, 2022