

Report in Brief

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Report No. A-03-22-00205

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



Why OIG Did This Audit

Delaware pays Medicaid managed care organizations (MCOs) to make services available to Medicaid enrollees in return for a monthly fixed payment for each enrollee (capitation payment). Previous OIG audits found that State Medicaid agencies had improperly paid capitation payments on behalf of deceased enrollees. We conducted a similar audit of Delaware.

Our objective was to determine whether Delaware made capitation payments to MCOs on behalf of deceased Medicaid enrollees.

How OIG Did This Audit

Our audit covered 7,122 capitation payments totaling \$8.6 million that Delaware made to MCOs and claimed for Federal reimbursement during calendar years 2019 through 2021 (audit period) on behalf of 409 enrollees whose dates of death, as recorded in one or more of the data sources we consulted, preceded the monthly service periods covered by the capitation payments.

We selected and reviewed a stratified random sample of 100 capitation payments totaling \$345,093 (\$224,940 Federal share) from those 7,122 capitation payments.

Delaware Made Capitation Payments to Medicaid Managed Care Organizations After Enrollees' Deaths

What OIG Found

Delaware made unallowable capitation payments after enrollees' deaths. For 53 of the 100 capitation payments in our sample, Delaware made unallowable capitation payments totaling \$102,867 (\$71,751 Federal share). For 44 of the remaining capitation payments in our sample, the capitation payments were allowable, but Delaware erroneously linked the enrollees' Medicaid records to deceased enrollees. We could not fully confirm that the remaining 3 enrollees associated with 3 of the 100 capitation payments were deceased.

Based on our sample results, we estimated that Delaware made unallowable capitation payments totaling at least \$4.2 million (over \$3.4 million Federal share) to MCOs on behalf of the 409 deceased enrollees during our audit period. Additionally, linking living enrollees to deceased individuals' Social Security Numbers (SSNs) could have led to enrollees being mistakenly disenrolled, which would have caused a delay or denial of services.

Delaware made unallowable capitation payments on behalf of deceased enrollees because it did not have adequate processes in place to enable it to identify deceased enrollees. Further, Delaware incorrectly aligned the SSNs of deceased individuals with living enrollees due to data entry errors and inadequate supervisory oversight of the data entry process.

What OIG Recommends

We recommend that Delaware: (1) refund the Federal share (over \$3.4 million) to the Federal Government; (2) identify and recover unallowable capitation payments, which we estimate to be at least \$4.2 million, made to MCOs during our audit period on behalf of deceased enrollees; and (3) identify and recover unallowable capitation payments made on behalf of deceased enrollees in 2022 and 2023 (the years after our audit period), and repay the Federal share of amounts recovered. We also recommended that Delaware develop and implement quality assurance steps. The full recommendations are in the report.

In written comments to our draft report, Delaware did not agree to refund the estimated Federal share but did agree to identify and recover all capitation payments made on behalf of deceased members. It also agreed to develop and implement quality control measures, including creating a quality assurance unit and developing additional training.