Report Number: A-01-05-00003

Michael P. Starkowski
Acting Commissioner
State of Connecticut
Department of Social Services
25 Sigourney Street
Hartford, Connecticut 06106

Dear Mr. Starkowski:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) report entitled “Audit of Medicaid Payments for Skilled Professional Medical Personnel Reimbursed at Enhanced Rates” for the period October 2002 through September 2003. Should you have any questions or comments concerning the matters commented on in this report, please direct them to the HHS official named below.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), OIG 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.)

Should you have any questions or comments concerning the matters commented in this report, please do not hesitate to call me or Robert Champagne, Audit Manager, at (860) 240-4479. To facilitate identification, please refer to report number A-01-05-00003.

Sincerely yours,

Michael J. Armstrong
Regional Inspector General
for Audit Services

Enclosures – as stated

Direct Reply to HHS Action Official:

Charlotte S. Yeh, M.D.
Regional Administrator
Centers for Medicare & Medicaid Services – Region I
Department of Health and Human Services
Room 2325, JFK Federal Building
Boston, Massachusetts 02203
AUDIT OF CONNECTICUT’S MEDICAID PAYMENTS FOR SKILLED PROFESSIONAL MEDICAL PERSONNEL REIMBURSED AT ENHANCED RATES

OCTOBER 2002 - SEPTEMBER 2003
The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

**Office of Audit Services**

The Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout HHS.

**Office of Evaluation and Inspections**

The Office of Evaluation and Inspections (OEI) conducts management and program evaluations (called inspections) that focus on issues of concern to HHS, Congress, and the public. The findings and recommendations contained in the inspections generate rapid, accurate, and up-to-date information on the efficiency, vulnerability, and effectiveness of departmental programs. OEI also oversees State Medicaid Fraud Control Units which investigate and prosecute fraud and patient abuse in the Medicaid program.

**Office of Investigations**

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of allegations of wrongdoing in HHS programs or to HHS beneficiaries and of unjust enrichment by providers. The investigative efforts of OI lead to criminal convictions, administrative sanctions, or civil monetary penalties.

**Office of Counsel to the Inspector General**

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support in OIG’s internal operations. OCIG imposes program exclusions and civil monetary penalties on health care providers and litigates those actions within HHS. OCIG also represents OIG in the global settlement of cases arising under the Civil False Claims Act, develops and monitors corporate integrity agreements, develops compliance program guidances, renders advisory opinions on OIG sanctions to the health care community, and issues fraud alerts and other industry guidance.
NOTICES

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 the information 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 HHS divisions will make final determination on these matters.
EXECUTIVE SUMMARY

BACKGROUND

The Social Security Act provides Federal reimbursement to States for the costs of administering their Medicaid State plans. In general, the Federal Government reimburses, or matches, state administrative costs at a rate of 50 percent.

Federal regulations provide an enhanced Medicaid matching rate of 75 percent for administrative costs related to compensating and training skilled professional medical personnel and their supporting staff. To qualify for the enhanced matching rate, skilled professional medical personnel must have completed a 2-year program leading to an academic degree or certificate in a medically related program and perform activities that require their level of professional training and experience.

The Connecticut Department of Social Services (the State agency) claimed Federal reimbursement of $1,911,380 at the 75 percent enhanced rate for skilled professional medical personnel for the Federal fiscal year that ended September 30, 2003.

OBJECTIVE

Our objective was to determine whether the State agency properly claimed Federal Medicaid funding at the enhanced rate for eligible skilled professional medical personnel.

RESULTS OF REVIEW

Before our on-site review, the State agency had determined that its claim for reimbursement of skilled professional medical personnel for Federal fiscal year 2003 included $742,517 that was not allowable for the 75 percent enhanced reimbursement rate. These costs were misclassified as a result of problems created by a new accounting system. The State agency reduced its subsequent CMS-64 quarterly statement of expenditures to deduct the costs not allowable at the 75 percent enhanced reimbursement rate.

The remaining costs that the State agency claimed at the 75 percent rate, totaling $1,168,863 in enhanced reimbursement for the period under review, were allowable at the enhanced rate. We also found that the accounting problems that the State agency encountered have been corrected. As a result, we have no further recommendations.
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INTRODUCTION

BACKGROUND

The Social Security Act provides Federal reimbursement to States for the costs of administering their Medicaid State plans. In general, the Federal Government reimburses, or matches, State administrative costs at a rate of 50 percent.

Federal regulations provide an enhanced Medicaid matching rate of 75 percent for administrative costs related to compensating and training skilled professional medical personnel and their supporting staff. To qualify for the enhanced matching rate, skilled professional medical personnel must have completed a 2-year program leading to an academic degree or certificate in a medically related program and perform activities that require their level of professional training and experience.

The Connecticut Department of Social Services (the State agency) claimed Federal reimbursement of $1,911,380 at the 75 percent enhanced rate for skilled professional medical personnel for the Federal fiscal year that ended September 30, 2003.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency properly claimed Federal Medicaid funding at the enhanced rate for eligible skilled professional medical personnel.

Scope

We reviewed the State agency’s claim for Federal matching funds for skilled professional medical personnel totaling $1,911,380 for the period October 1, 2002 through September 30, 2003.

Our review was limited to determining whether the enhanced Federal matching funds were allowable. Our review of the State agency’s internal controls was limited to obtaining an understanding of the State agency’s policies and procedures for claiming skilled professional medical personnel costs.

We conducted our fieldwork at the State agency’s Medicaid office in Hartford, Connecticut, from April through July 2005.

Methodology

To determine if the State agency properly claimed Federal Medicaid funding at the enhanced rate for skilled professional medical personnel, we:
• reviewed applicable Federal regulations and Centers for Medicare & Medicaid Services guidance,

• reviewed State agency procedures for claiming skilled professional medical personnel costs,

• verified that individuals claimed at the enhanced rate had the required professional credentials associated with their job, and

• obtained supporting financial documentation of paid claims from the State agency.

We performed our audit in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

From October 1, 2002, through September 30, 2003, the State agency claimed enhanced Federal reimbursement of $1,911,380 for costs related to skilled professional medical personnel. Before our on-site review, the State agency had determined that $742,517 of this claim was not allowable at the 75 percent enhanced reimbursement rate. These costs were misclassified because of problems related to implementing a new accounting system. The State agency reduced its subsequent CMS-64 quarterly statement of expenditures to deduct the costs not allowable at the 75 percent enhanced reimbursement rate.

The remaining costs that the State agency claimed at the 75 percent rate, totaling $1,168,863 in enhanced reimbursement for the period under review, were allowable at the enhanced rate. We also found that the accounting problems that the State agency encountered have been corrected. As a result, we have no further recommendations.