

## Report in Brief

Date: December 2017

Report No. A-04-15-06190



### Why OIG Did This Review

The Tennessee Medicaid Program (TennCare) was established in 1994. TennCare provides health care for approximately 1.3 million Tennesseans and operates with an annual budget of approximately \$11 billion. TennCare enrolls the entire State's Medicaid population in managed care. TennCare pays managed care organizations (MCOs) to provide health care services in return for a monthly fixed payment for each enrolled beneficiary (capitated payment). Previous Office of Inspector General work found that States had made Medicaid fee-for-service and capitation payments for deceased beneficiaries. As a result of these reviews, we conducted a similar review at Tennessee's Division of Health Care Finance and Administration, which administers TennCare.

Our objective was to determine whether Tennessee made capitation payments on behalf of deceased beneficiaries.

### How OIG Did This Review

We reviewed a random sample of 120 capitation payments that Tennessee made to managed care organizations (MCOs) from July 1, 2009, through March 4, 2016, on behalf of deceased beneficiaries. We reviewed supporting documentation to confirm whether the beneficiaries were deceased and the dates on which they had died and limited our review to determining whether MCOs in Tennessee received capitation payments on behalf of beneficiaries whose dates of death (DODs) preceded the payment dates.

## Tennessee Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death

### What OIG Found

Tennessee did not always stop making capitation payments after a beneficiary's death, despite its efforts to identify and recover any unallowable payments. Of the 120 capitation payments in our random sample selected from payments for beneficiaries whose DODs preceded the payment dates, Tennessee recovered 43 prior to the start of our audit, and 13 were not recoverable. For the remaining 64 payments, Tennessee made unallowable payments totaling \$39,909 (\$27,357 Federal share).

On the basis of our sample results, we estimated that Tennessee made overpayments to MCOs totaling \$2.7 million (\$1.8 million Federal share) during our audit period.

### What OIG Recommends and Tennessee Comments

We recommend that Tennessee (1) identify and recover unallowable payments totaling \$2.7 million from MCOs and refund \$1.8 million to the Federal Government, (2) perform monthly reviews of TennCare Medicaid Management Information System (TCMIS) records to ensure that beneficiaries with DODs are removed from TennCare, (3) implement policies and procedures for identifying and correcting inaccurate death information received through its sources of death data, specifically ensuring that differences in the DODs between TCMIS and incoming death records are quickly resolved, and (4) improve its collaborative efforts with State and Federal agencies to identify and resolve inconsistencies in recipient information such as DOD and Social Security Number.

In written comments on our draft report, Tennessee generally concurred with all four of our findings and recommendations and described corrective action plans that it had implemented.