



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

Report Number: A-05-06-00021 June 23, 2006

Ms. Barbara Riley, Director
Ohio Department of Job and Family Service
30 East Broad Street, 32nd Floor
Columbus, Ohio 43215-3414

Dear Ms. Riley:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) report entitled "Medicaid Payments for Beneficiaries with Concurrent Eligibility in Ohio and Michigan" for the period October 1, 2002, through September 30, 2003. A copy of this report will be forwarded to the action official noted below for his/her review and any action deemed necessary.

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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To facilitate identification, please refer to report number A-05-06-00021 in all correspondence relating to this report.

Sincerely,

A handwritten signature in cursive script that reads "Paul Swanson".

Paul Swanson
Regional Inspector General
for Audit Services

Enclosures

Direct Reply to HHS Action Official:
Associate Regional Administrator for Medicaid
Centers for Medicare & Medicaid Services, Region V
U.S. Department of Health and Human Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**MEDICAID PAYMENTS FOR
BENEFICIARIES WITH
CONCURRENT ELIGIBILITY IN
OHIO AND MICHIGAN**

**OHIO DEPARTMENT OF JOB AND
FAMILY SERVICES**



Daniel R. Levinson
Inspector General

June 2006
A-05-06-00021

Office of Inspector General

<http://oig.hhs.gov>

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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 Medicaid program provides medical services to needy individuals who are determined to be eligible beneficiaries in accordance with approved State plans. The Ohio Administrative Code 5101:1-39-54 states that Medicaid eligibility can be extended only to residents of Ohio. An individual is an Ohio resident if he is living in Ohio at the time of application and is not receiving assistance in another State. Similarly, the Michigan Family Independence Agency, Program Eligibility Manual, Section 220, states a person is an eligible resident if he is not receiving assistance from another State and is living in Michigan, except for a temporary absence, and intends to remain in the State permanently or indefinitely.

Medicaid eligibility in both Ohio and Michigan is based on residency. If an Ohio resident subsequently establishes residency in Michigan, the beneficiary's Medicaid eligibility in Ohio should end and any payments on behalf of that beneficiary would be inappropriate.

Federal computer matching initiatives, such as the Public Assistance Reporting Information System (PARIS), are available to assist states in validating Medicaid beneficiary information. Residency information for individuals with eligibility in specific public assistance programs, including Medicaid, is available for use by states participating in the PARIS project. Neither Ohio nor Michigan participates in the PARIS project.

OBJECTIVE

The objective of our audit was to determine the appropriateness of Medicaid payments made by the State of Ohio for beneficiaries who were concurrently listed as Medicaid eligible in both Ohio and Michigan.

FINDINGS

We found that the Ohio Medicaid program inappropriately paid \$333,716 for 471 Medicaid beneficiaries who had established eligibility in both States but should only have been eligible in Michigan. We did not determine the allowability of an additional \$56,171 of payments made during the first month of concurrent eligibility because Ohio considers the beneficiary eligible for the entire month once eligibility is established. Since the position is contrary to the State's eligibility prohibition against receiving assistance in another State, the State needs to determine whether these payments are allowable.

We attribute the Medicaid overpayments to a lack of state to state sharing of Medicaid beneficiary eligibility data, needed to stop payments when residency changes and State eligibility ends. Since State residency is a precondition for Medicaid eligibility and eligibility is not available to beneficiaries receiving assistance in another State,

procedures to capture and share State residency changes are essential to making the proper payments. The Ohio Department of Job and Family Services (State agency) procedures for capturing and sharing residency information did not identify, in a timely manner, beneficiaries who moved from Ohio and became Medicaid eligible in Michigan. During the fiscal year (FY) 2003 (October 1, 2002, through September 30, 2003), the Ohio Medicaid program overpaid 471 beneficiaries who were concurrently eligible for Medicaid in Ohio and Michigan.

The State agency relies on the beneficiaries or other State agencies to provide information regarding changes in a beneficiaries' eligibility status. Although eligibility information is available from outside computerized data matches, such as the PARIS project, Ohio did not participate in the project and did not have access to the data. Without notification of a change in residency status from the beneficiary, from the State to which the beneficiary moved, or from other resources, the State may not know that the beneficiary is no longer eligible for Medicaid.

RECOMMENDATIONS

We recommend that the State agency:

- seek recovery of inappropriate payments, estimated to be \$333,716 (\$196,325 Federal share), and refund the Federal share of recovered amounts;
- review claims made in the first month of concurrent eligibility and determine whether the payments are allowable; and
- consider additional procedures for identifying beneficiaries moving out of State, including participation in the PARIS project and increased sharing of eligibility information with the other State Medicaid programs.

In a written response dated June 15, 2006, Ohio officials agreed to perform additional work to determine the allowability of reported inappropriate payments. The State agency will consider additional procedures and participation in PARIS based on the results of their review.

The response is summarized in the body of the report and is included in its entirety as an Appendix to the report.

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INTRODUCTION

BACKGROUND

The Medicaid program provides medical services to needy individuals who are determined to be Medicaid eligible beneficiaries in accordance with approved State plans. The program is jointly administered by the Federal Government through the Centers for Medicare & Medicaid Services and by the States through their designated state agency. In Ohio, the Medicaid program is administered by the Ohio Department of Job and Family Services (State agency).

The Ohio Administrative Code 5101:1-39-54 states that Medicaid eligibility can be extended only to those individuals who are determined to be residents of Ohio. An individual is an Ohio resident if he is living in Ohio at the time of application and is not receiving assistance in another State. Similarly, the Michigan Family Independence Agency, Program Eligibility Manual, section 220, states a person is an eligible resident for Medicaid if he is not receiving assistance from another State and is living in Michigan, except for a temporary absence, and intends to remain in the state permanently or indefinitely.

Medicaid eligibility in both Ohio and Michigan is based on residency. If an Ohio resident subsequently establishes residency in Michigan, the beneficiary's Medicaid eligibility in Ohio should end and any payments on behalf of that beneficiary would be inappropriate.

States can use Federal computer matching initiatives, such as the Public Assistance Reporting Information System (PARIS), to validate beneficiary information and residency for programs such as Medicaid. The U.S. Department of Health and Human Services' Administration for Children and Families designed PARIS as a means to verify public assistance client information. Although there are currently 36 State agencies participating in the PARIS project, neither Ohio nor Michigan participates.

OBJECTIVE, SCOPE AND METHODOLOGY

Objective

The objective of our audit was to determine the appropriateness of Medicaid payments made by the State of Ohio for beneficiaries who were concurrently listed as Medicaid eligible in both Ohio and Michigan.

Scope

For Federal fiscal year (FY) 2003 (October 1, 2002, through September 30, 2003), we identified 4,961 beneficiaries who were concurrently listed as Medicaid eligible in Ohio and Michigan. Medicaid payments on behalf of these beneficiaries during FY 2003 by Ohio and Michigan totaled \$4,560,645 and \$5,814,373, respectfully. These Medicaid payments were either monthly capitation payments to managed care organizations or fee for service payments made to providers that provided services to the Medicaid

beneficiaries. In Ohio, a majority of the payments, by dollar amount, were monthly capitated payments to managed care organizations.

We did not review the overall internal control structure of the State agency's Medicaid program. Our internal control review was limited to obtaining an understanding of Ohio's procedures to identify individuals who moved out of State and enrolled in Michigan's Medicaid program.

We performed our audit work at the State agency offices in Columbus, Ohio and Lansing, Michigan. The fieldwork was conducted from December 2004, through August 2005.

Methodology

We downloaded fiscal year (FY) 2003 eligibility data from the Medicaid Statistical Information System (MSIS) and extracted selected eligibility data for all beneficiaries in the States of Ohio and Michigan. We then matched the social security numbers on the MSIS files to identify those beneficiaries who were listed as eligible in both States during FY 2003. For these beneficiaries, we extracted payments for "Other" types of claims¹ from the FY 2003 MSIS files for each State.

We then matched the payments by beneficiaries' social security numbers and dates of birth to identify beneficiaries who were eligible in and had payments made by both States during the same month. This data matching process produced a set of 1,251 beneficiaries with Medicaid payments totaling \$1,946,219 in Ohio and \$2,139,113 in Michigan.

Using monthly eligibility data from the FY 2002 and FY 2003 Medicaid Management Information System (MMIS), we then determined the State in which each of the 1,251 beneficiaries first established their Medicaid eligibility.

For the first month after concurrent eligibility, we classified Medicaid payments made by Ohio as inappropriate if beneficiaries first established eligibility in Ohio and subsequently moved to Michigan. Conversely, we accepted payments for the first month after concurrent eligibility if beneficiaries obtained Medicaid eligibility in Ohio after moving from Michigan.

We did not determine the allowability of 680 payments (301 capitated and 379 fee-for-service payments) made in the month in which concurrent eligibility was established. Through a review of the State Plan and discussions with State agency officials, we did determine how Ohio established Medicaid eligibility during the first month of concurrent eligibility, as compared to criteria cited in this report.

Our audit was conducted in accordance with generally accepted government auditing standards.

¹ MSIS utilizes four claims files: Inpatient Claims, Long Term Care Claims, Other Claims, and Prescription Drug Claims.

FINDINGS AND RECOMMENDATIONS

We found that the Ohio Medicaid program inappropriately paid \$333,716 for 471 Medicaid beneficiaries who had established eligibility in both States but should only have been eligible in Michigan. We did not determine the appropriateness of an additional \$56,171 of payments made during the first month of concurrent eligibility because Ohio considers the beneficiary eligible for the full month once eligibility is established any time during the month. Since this seems contrary to the State’s eligibility prohibition against receiving assistance in another state, we have recommended that Ohio determine the allowability of these payments.

We attribute these inappropriate Medicaid payments to the State agency’s lack of state to state sharing of Medicaid beneficiary eligibility data. Since State residency is a precondition for Medicaid eligibility and eligibility is not available to beneficiaries receiving assistance in another State, procedures to capture and share State residency changes are essential to making correct payments. The State agency’s procedures for capturing and sharing residency information did not identify, in a timely manner, beneficiaries who moved from Ohio and became Medicaid eligible in Michigan.

The State agency relies upon beneficiaries or Medicaid agencies in other States to provide information regarding changes in a beneficiaries’ eligibility status. Although eligibility information is available from outside computerized data matches, such as PARIS, currently used by 36 State agencies, Ohio did not participate in the PARIS project. Without timely notification of a change in residency status from beneficiaries, from the State to which the beneficiary moved, or from other resources, the State may not that know the beneficiary is no longer eligible for Medicaid.

Inappropriate Payments for Concurrently Eligible Beneficiaries

The Ohio Medicaid program made inappropriate payments for 471 beneficiaries who were concurrently listed as Medicaid eligible in Ohio and Michigan during FY 2003. State Medicaid regulations stipulate that in order for beneficiaries to be Medicaid eligible, they must live in a State on a permanent or indefinite basis and cannot receive assistance from another State. Accordingly, once these beneficiaries moved to Michigan and established Medicaid eligibility, they were no longer eligible for Medicaid in Ohio.

The State agency overpaid 4,701 Medicaid claims totaling \$333,716. The following table details the inappropriate payments by type of claim. As shown, most of the inappropriate payments, by dollar amount, were for capitated payments.

Medicaid Overpayments by Type of Claim

Fee for Service	2,406	\$ 122,351	37%
Capitated Payments	2,295	\$ 211,365	63%

As previously indicated, we did not determine the appropriateness of \$56,171 in capitated and fee-for-service payments for 680 claims paid during the first month of concurrent eligibility. These included 301 claims totaling \$40,334 for capitated payments and 379 claims totaling \$15,837 for fee-for-service payments.

Although the Medicaid State plan states that coverage is available for the full month if the individuals are eligible at any time during the month, the previously cited eligibility criteria precludes eligibility if the beneficiary is receiving assistance in another State. Despite, the State's eligibility prohibition against receiving assistance concurrently in another State, the State agency still considered these capitated and fee-for-service payments to be allowable during the first month of concurrent eligibility. Capitated payments continue until an event triggers the termination of eligibility and stops the payment. Capitated payments generally terminate when a beneficiary fails to respond to the annual Medicaid eligibility determination questionnaire.

The State Agency Lacks Controls to Detect Movement Out of State

The State agency's procedures for capturing and sharing residency information did not identify, in a timely manner, beneficiaries who moved from Ohio and established Medicaid eligibility in Michigan. Procedures used to identify a change in residency depend upon notices from beneficiaries and Medicaid agencies in other States and do not include systematic matching or use of other available sources of eligibility data.

The Ohio medical assistance application requests information on the applicant's prior State of eligibility so that the information can be shared with the previous State of residency. Although Michigan attempts to identify applicants for Michigan benefits that were Medicaid beneficiaries in another State and then notifies that State of conflicting eligibility, numerous beneficiaries remained eligible in Ohio after establishing eligibility in Michigan.

In addition to individual eligibility information available from the Ohio and Michigan MMISs, eligibility data could also be obtained from computerized matches of this data or other available data from sources, such as PARIS. The PARIS cooperative initiative provides Medicaid related information for clients of participating State public assistance agencies. Participating agencies submit data that includes their clients' Medicaid status, Medicaid eligibility start and end dates, and addresses. Those States that participate can use the matched data to validate client or beneficiary information and identify possible erroneous payments. Ohio did not participate in the PARIS project and, therefore, did not have access to the data.

Without notification of a change in residency status from beneficiaries, from another State, or from other sources, the State may not know that the beneficiary is no longer eligible for Medicaid.

RECOMMENDATIONS

We recommend that the State agency:

- seek recovery of inappropriate payments, estimated to be \$333,716 (\$196,325 Federal share), and refund the Federal share of recovered amounts;
- review claims made in the first month of concurrent eligibility and determine whether the payments are allowable; and
- consider additional procedures for identifying beneficiaries moving out of State, including participation in the PARIS project and increased sharing of eligibility information with the other State Medicaid programs.

STATE AGENCY COMMENTS AND OIG RESPONSE

The State agency agreed to perform additional work to determine the allowability of reported inappropriate payments. They declined to seek recovery of funds until their review is complete. The State agency will consider additional procedures and participation in PARIS based on the results of their review.

We acknowledge the State agency's plan to perform additional work on the status of reported inappropriate payments. Although we performed limited testing of the individual claims, we encourage the State to perform additional steps prior to recovering funds and implementing additional procedures.

APPENDIX

Bob Taft
Governor



Barbara Riley
Director

30 East Broad Street - Columbus, Ohio 43215-3414
jfs.ohio.gov

June 15, 2006

Mr. Paul Swanson
Regional Inspector General for Audit Services
Department of Health and Human Services
233 North Michigan Ave., Suite 1360
Chicago, IL. 60601

Re: Report Number: A-05-06-00021

Dear Mr. Swanson:

The following is in response to the findings identified within the Office of Inspector General's *Medicaid Payments for Beneficiaries with Concurrent Eligibility in Ohio and Michigan* draft report dated May 2006.

A comparative match was performed by the Office of Inspector General comparing Ohio Medicaid beneficiaries to those in Michigan from October 1, 2002 through September 30, 2003. This match was completed to determine if beneficiaries had received services in both states. Approximately 8.8 billion dollars in payments were made on behalf of 1.6 million (unduplicated) Medicaid beneficiaries in state fiscal year 2003. Of the 4,961 beneficiaries found to be concurrently enrolled within the year time span of the audit, 471 were found to have payments made in both, Ohio and Michigan, during the same month. These payments totaled \$333,716.00. The auditor is recommending recovery of these funds from the providers along with refunding the Federal share.

The Ohio Department of Job and Family Services (ODJFS) disputes collecting what the auditor considers inappropriate payments until further investigation can take place. Work was not performed on even a sample of these cases to determine if sufficient reasons could be obtained as to why individuals would show up on both systems. There are situations where beneficiaries move back and forth between bordering states often because of nursing home and child care agreements that may have caused some of the payments considered erroneous. Also, 63% of the finding was for capitated payments. ODJFS collects capitated payments back from providers through individual claim adjustments per beneficiary, per service date, only after information is received from beneficiaries as to a change in residency status. The methodology detailed within the report does not indicate whether these recaptured payments were taken into account.

The auditor also made the assumption eligibility was correctly determined when the case transferred states. Many times, Medicaid applications are taken when a person is incapacitated. The best information available is used and is usually given by someone other than the person receiving Medicaid. ODJFS intends to review individual files and computerized data to examine residency information we have in our possession to show the beneficiary presented themselves as still residing in Ohio while they received Medicaid in Michigan.

P. Swanson, DHHS/OIG
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The underlying data regarding the recommendations within this report was requested from the auditor and it was received on June 5, 2006. The data will now be compared to eligibility records within our CRIS-E system and most likely will need to be compared to records at individual County Departments of Job and Family Services. This work will first be performed on a sample of beneficiaries to determine further situations surrounding these types of cases. If warranted, a review of all records within the audit report will be conducted.

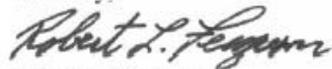
The auditor did not determine the allowability of payments made during the first month of concurrent eligibility, because Ohio considers the beneficiary eligible for the entire month once eligibility is established. In this case, \$56,171.00 was identified as being paid in Ohio for the same month that Michigan showed the beneficiary as receiving service in Michigan. As noted in the audit, both states consider a beneficiary eligible for the whole month if eligible for any part of the month. When a person files for eligibility in either of our states, the process is to ask if they're receiving Medicaid services in any other state. The eligibility worker would then follow up and see when the beneficiary would be terminated in the previous state of residence and activate the current Medicaid case for the month following termination. With these being the case, Ohio can only assume these beneficiaries were still eligible in Ohio. The only case in which a person is not eligible for a whole month is if they are deceased. Michigan should not have deemed them eligible while they were eligible in another state.

ODJFS will examine a sample of these cases within CRIS-E to determine if there is documentation showing contact with Michigan. We will also take this same sample and examine files within the County Departments of Job and Family Services for the same information. If these samples warrant further review, the entire listing will be examined.

The auditor also recommended that ODJFS consider additional procedures for identifying beneficiaries moving out of state to include participation in the PARIS project. Consideration of additional procedures for identifying beneficiaries moving out of state and for participation in the PARIS project cannot be done until a review is conducted of the information received within this audit. The results of this review will show whether Ohio should consider additional procedures or if PARIS would be beneficial to preventing this situation in the future. We can assure you that ODJFS will weigh all facts as we review this data and will consider additional procedures and our participation in PARIS as possible solutions if we find these findings to be valid.

Should your office have any questions or require further assistance, please feel free to contact Bryan Scott Chauvin, Office of the Chief Inspector, at (614) 728-8491 or email chauvb@odjfs.state.oh.us.

Sincerely,



Robert L. Ferguson
Deputy Director
Office of the Chief Inspector
Ohio Department of Job and Family Services

cc: Barbara Riley, Director, ODJFS
Neva Terry, Assistant Director, Operations, ODJFS
Kevin Giangola, Deputy Director, ODJFS/ORAA
Michelle Horn, ODJFS/ORAA
B. Scott Chauvin, ODJFS/OCI