

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**FLORIDA MANAGED CARE
ORGANIZATIONS RECEIVED MEDICAID
CAPITATION PAYMENTS AFTER
BENEFICIARY'S DEATH**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



Gloria L. Jarmon
Deputy Inspector General for
Audit Services

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EXECUTIVE SUMMARY

Florida paid managed care organizations an estimated \$26.2 million (\$15.3 million Federal share) in capitation payments on behalf of deceased beneficiaries over a 5 year period.

WHY WE DID THIS REVIEW

The Florida Statewide Medicaid Managed Care Program (SMMC) pays managed care organizations (MCOs) to provide covered health care services in return for a monthly fixed payment for each eligible beneficiary (capitated payment). In 2014 nearly all of Florida's Medicaid beneficiaries were moved into managed care. In our 2004 audit report (A-04-02-07020), we found that Tennessee made an estimated \$5 million (\$3.2 million Federal share) in Medicaid fee-for-service and capitation payments after the month of a beneficiary's death. Our preliminary review of more current data indicated that Florida MCOs may be receiving Medicaid payments on behalf of beneficiaries whose deaths preceded the payment dates.

The objective of our audit was to determine whether Florida's Agency for Health Care Administration (State agency) made capitation payments on behalf of deceased beneficiaries.

BACKGROUND

The Medicaid program provides medical assistance to certain low-income beneficiaries and beneficiaries with disabilities (Title XIX of the Social Security Act). The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

The Social Security Administration (SSA) maintains death record information by obtaining death information from relatives of deceased beneficiaries, funeral directors, financial institutions, and postal authorities. SSA processes death notifications through its Death Alert, Control, and Update System, which matches against the Master Beneficiary and Supplemental Security Records. SSA records the resulting death information in its Numerical Identification System (the Numident). SSA then uses information from the Numident to create a national record of death information called the Death Master File (DMF). Reported deaths of people who have Social Security numbers (SSNs) are routinely added to the DMF. A full DMF file can be provided to States via a data exchange agreement with SSA. In addition, States can obtain date of death (DOD) information via the State Data Exchange (SDX). The State agency online data system interfaces with the SDX daily.

The SMMC is a health delivery system that aims to maximize efficiency by negotiating rates, coordinating care, and managing the use of services. In Florida, the State agency is responsible for administering and maintaining the SMMC. In July 2012, about 67 percent of Medicaid beneficiaries in Florida were enrolled in some type of managed care, and in 2014, nearly all of the Medicaid beneficiaries were enrolled in the SMMC.

During our audit period (July 1, 2009, through November 5, 2014), the State agency entered into 114 Medicaid managed care contracts with 37 MCOs to provide covered health care services to eligible Medicaid beneficiaries in exchange for a fixed per member, per month capitation payment. Because capitation payments are paid prior to the month of enrollment, the contracts that were current during the period of our scope allowed adjustment to funds previously paid “when capitation rate payments have been made for enrollees who are determined not to have been eligible for Managed Care Plan membership during the period for which the capitation rate payments were made” (State agency contract, Attachment II, section IX.B.2.b).

The State agency uses the Florida Medicaid Management Information System (FMMIS) to maintain the database of capitation payments, claims, eligibility, and enrollment information for calculating the capitation payment methodology under the SMMC. The FMMIS is also used to ensure that the State agency paid capitation payments for enrolled beneficiaries and adjust capitation payments as required by the provisions of the MCO contracts. In addition, the State agency used three sources of DODs, implemented and performed a number of data interfaces, and performed postpayment reviews.

WHAT WE FOUND

The State agency did not always stop making capitation payments after a beneficiary’s death, despite its efforts to identify and recover any overpayments. Of the 124 capitation payments in our random sample selected from payments to beneficiaries whose DODs preceded the payment date, the State agency recovered 10 prior to the start of our audit, and 1 was not recoverable. For the remaining 113 payments, the State agency made overpayments totaling \$192,273 (\$111,503 Federal share). During the course of our audit, the State agency adjusted 34 of the 113 payments totaling \$64,948.

- For 62 overpayments (55 percent), the State agency did not identify enrolled beneficiaries who were identified as deceased in the FMMIS and did not make appropriate adjustments. These overpayments occurred because the State agency did not timely update the DODs in the FMMIS, and the beneficiaries’ enrollments were not updated once they were identified as deceased.
- For 51 overpayments (45 percent), the State agency data sources had incorrect, inconsistent, or missing DOD information. The overpayments occurred because the State agency did not collaborate with the Florida Bureau of Vital Statistics (BVS), the SDX, and the Department of Children and Families (DCF) to determine the inconsistency between the sources of DODs and did not use additional sources or alternative procedures to determine the reason its data sources were inconsistent. For nine of these overpayments, the State agency was not able to explain the reasons they occurred.

On the basis of our sample results, we estimated that the State agency made overpayments to MCOs totaling \$26,202,536 (\$15,356,486 Federal share) during our audit period. These overpayments amount to approximately 2 percent of the \$1.3 billion that the State agency paid to MCOs from July 1, 2009, through November 5, 2014.

WHAT WE RECOMMEND

We recommend that the State agency:

- identify and recover overpayments totaling \$26,202,536 from MCOs and refund \$15,356,486 (Federal share) to the Federal Government;
- perform monthly reviews of FMMIS records to ensure that beneficiaries with DODs are removed from the SMMC;
- 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 the FMMIS and incoming death records are quickly resolved; and
- improve its collaborative efforts with SSA, the Department of Children and Families, and BVS to identify and resolve inconsistencies in recipient information such as DOD and SSN.

STATE AGENCY COMMENTS AND OUR RESPONSE

In written comments on our draft report, the State agency did not indicate whether it agreed or did not agree with our recommendations; nevertheless, it described steps that it has taken or planned to take to implement our four recommendations.

The State agency told us that the Medicaid Fiscal Agent Operations (MFAO) bureau reviewed about \$24 million of the \$26 million in overpayments that we identified and that it has recovered \$23.7 million of that amount. It also found that \$206,309 was not paid in error. The State agency stated that, it will review the remaining capitation payments that we identified and determine a course of action. However, we have not verified that the recoveries took place or that the Federal Government has been properly credited for these recoveries.

Regarding our second recommendation, the State agency said that it, “cannot identify any occurrence of a recipient not being removed from [a plan] once a DOD is received and applied to the recipient’s record.” We disagree with this assertion because, our sample included 62 instances where the State agency did not identify as deceased and recoup payments for enrolled beneficiaries when the FMMIS had a DOD. Regarding our third recommendation, the State agency said that identifying and correcting inaccurate death information is the function of the MFAO team and that it has an automated system hierarchy to resolve variances among data sources. However, on the basis of the errors we have identified, these procedures appear to be inadequate.

Regarding our fourth recommendation, the State agency described steps it is taking to improve collaboration with SSA, DCF, and BVS to gain access to the DOD information it needs.

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INTRODUCTION

WHY WE DID THIS REVIEW

The Florida Statewide Medicaid Managed Care Program (SMMC) pays managed care organizations (MCOs) to provide covered health care services in return for a monthly fixed payment for each eligible beneficiary (capitated payment). In 2014 nearly all of Florida's Medicaid beneficiaries were moved into managed care. In our 2004 audit report,¹ we found that Tennessee made an estimated \$5 million (\$3.2 million Federal share) in Medicaid fee-for-service and capitation payments after the month of a beneficiary's death. Our preliminary review of more current data indicated that Florida MCOs may be receiving Medicaid payments on behalf of beneficiaries whose deaths preceded the payment dates.

OBJECTIVE

Our objective was to determine whether Florida's Agency for Health Care Administration (State agency) made capitation payments on behalf of deceased beneficiaries.

BACKGROUND

The Medicaid Program: Administration and Federal Reimbursement

The Medicaid program provides medical assistance to certain low-income beneficiaries and beneficiaries with disabilities (Title XIX of the Social Security Act (the Act)). The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. In Florida, the State agency administers the Medicaid program.

The Medicaid managed care programs are intended to increase access to and improve quality of health care for Medicaid beneficiaries. States contract with managed care entities to provide specific services to enrolled Medicaid beneficiaries in return for a capitation payment. States report capitation payments claimed by Medicaid MCOs on the States' Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64). The Federal Government pays its share of a State's medical assistance expenditures (Federal share) under Medicaid based on the Federal medical assistance percentage (FMAP), which varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10). During our audit period, the FMAP in Florida ranged from 54.98 to 71.80 percent.

Social Security Administration: Date of Death Information

The Social Security Administration (SSA) maintains death record information by obtaining death information from relatives of deceased beneficiaries, funeral directors, financial institutions, and

¹ *Medicaid Payments for Deceased Beneficiaries in Tennessee* (A-04-02-07020).

postal authorities. SSA processes death notifications through its Death Alert, Control, and Update System, which matches the information received from external sources against the Master Beneficiary and Supplemental Security Records.² SSA records the resulting death information in its Numerical Identification System (the Numident).³ SSA then uses information from the Numident to create a national record of death information called the Death Master File (DMF).^{4,5} Reported deaths of people who have SSNs are routinely added to the DMF. A full DMF file can be provided to States via a data exchange agreement with SSA. In addition, States can obtain date of death (DOD) information via the State Data Exchange (SDX).⁶ The State agency online data system interfaces with the SDX daily.

Federal Requirements

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).

Florida’s Statewide Medicaid Managed Care Program

Since 2006, low-income children, pregnant women and parents, and aged and disabled individuals (with some exceptions) have participated in a managed care demonstration program called the Florida Medicaid Pilot, which operated under section 1115 waiver authority.⁷ In December 2011, Florida expanded the pilot Statewide through the SMMC. The SMMC is a health delivery system that aims to maximize efficiency by negotiating rates, coordinating care,

² SSA, *Programs Operations Manual System*, GN 02602.060 (May 13, 2011). The Master Beneficiary Record is an electronic record of all Title II (of the Act) beneficiaries. The Supplemental Security Record is an electronic record of all Title XVI (of the Act) beneficiaries.

³ The Numident contains personally identifiable information for each individual issued a Social Security Number (SSN).

⁴ SSA, *Programs Operations Manual System*, GN 02602.060.B.1 (May 13, 2011).

⁵ SSA maintains death data—including names, SSNs, dates of birth, and States of death—in the DMF for approximately 98 million deceased individuals. The more comprehensive file, referred to as the “full DMF,” is available to certain eligible entities and includes State-reported death data. A subset of the DMF, called the “public DMF,” is available to the public and does not include State-reported death data.

⁶ The SDX is a batch data exchange that SSA created to provide electronic data to the States for use in determining entitlement and eligibility for federally funded benefit programs—such as Medicare and Medicaid, subsidized housing, the Supplemental Nutrition Assistance Program, and Temporary Assistance to Needy Families—as well as other federally funded, State-administered benefit programs.

⁷ Section 1115 of the Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of Medicaid and the Children’s Health Insurance Program. The purpose of these projects, which give States additional flexibility to design and improve their programs, is to demonstrate and evaluate policy approaches such as using innovative service delivery systems that improve care, increase efficiency, and reduce costs.

and managing the use of services. In Florida, the State agency is responsible for administering and maintaining the SMMC. In July 2012, about 67 percent of Medicaid beneficiaries in Florida were enrolled in some type of managed care, and in 2014, nearly all of the Medicaid beneficiaries were enrolled in the SMMC.

During our audit period (July 1, 2009, through November 5, 2014), the State agency entered into 114 Medicaid managed care contracts (contracts)⁸ with 37 MCOs to provide covered health care services to eligible Medicaid beneficiaries in exchange for a fixed per member, per month capitation payment. Because capitation payments are paid prior to the month of enrollment, the contracts that were current during the period of our scope allowed the State to make adjustments to funds previously paid to MCOs “when capitation rate payments have been made for enrollees who are determined not to have been eligible for Managed Care Plan membership during the period for which the capitation rate payments were made” (State agency contract, Attachment II, section IX.B.2.b).

The State agency uses the Florida Medicaid Management Information System (FMMIS) to maintain the database of capitation payments, claims, eligibility, and enrollment information for calculating the capitation payment methodology under the SMMC. The FMMIS is also used to ensure that the State agency paid capitation payments for enrolled beneficiaries and to adjust capitation payments as required by the provisions of the MCO contracts. In addition, the FMMIS maintains all beneficiary information, such as first and last names, addresses, dates of birth, and death data (DODs and death indicator).⁹

To identify DODs, the FMMIS relies on three sources of data: the SDX; Florida’s Department of Health, Bureau of Vital Statistics (BVS); and FLORIDA.¹⁰ These sources interface with the FMMIS on a daily, weekly, monthly, or quarterly basis. Table 1 summarizes the three sources of death data transferred to the FMMIS and the frequency of interface for each source.

⁸ These contracts included the provider service agreement between the MCO and the State agency and a number of attachments and exhibits.

⁹ The death indicator in the FMMIS identifies one of the three sources of DODs the State agency uses.

¹⁰ FLORIDA is the Florida Online Recipient Integrated Data Access System.

Table 1: State Agency Sources of Death Data

Sources of Death Data	Agency Interface	Description	Frequency of Interface
State Data Exchange	SSA	SDX, SDM, and SSQ ¹¹	Daily, monthly, and quarterly
BVS	BVS	VSDOD ¹²	Weekly
FLORIDA	Department of Children and Families (DCF)	FLOR and FLORR ¹³	Daily and monthly

Death data in the FMMIS may not always be accurate because of delays between the date a beneficiary dies and the date the FMMIS is updated with the beneficiary’s DOD. To address this weakness, since 2008 the State agency has used a third-party liability (TPL) contractor to identify and recover payments made after a beneficiary’s DOD. The May 2014 procedure manual for TPL contractors is entitled *Florida Medicaid TPL MPI Overpayment Recovery Project* (Manual).¹⁴ Project 6 of the Manual was designed to identify and recover “Medicaid payments for a recipient after his or her death.” Payments made after the [DOD] are identified for recovery.

HOW WE CONDUCTED THIS REVIEW

Our audit covered \$29,309,242 (\$17,123,273 Federal share) in Medicaid capitation payments to MCOs on behalf of beneficiaries whose DODs preceded the payment dates. We reviewed capitation payments that the State agency made from July 1, 2009, through November 5, 2014 (audit period). We selected a random sample of 124 capitation payments totaling \$220,088 (\$127,623 Federal share) for review.

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, Appendix B contains the details of our statistical sampling methodology, Appendix C contains our sample results and

¹¹ SDX, SDM, and SSQ describe the names of the three files the State agency received from the State Data Exchange on a daily (SDX), monthly (SDM), and quarterly (SSQ) basis.

¹² VSDOD describes the death file BVS provides to the State agency containing the DOD information.

¹³ FLOR describes the daily interfaces, and FLORR describes the monthly reconciliation between DCF and the FMMIS.

¹⁴ The latest version of this Manual during our audit period was version 4.0, dated May 2014. Prior to 2014, a separate contractor performed the overpayment recovery projects.

estimates, Appendix D contains the Federal and State requirements, and Appendix E contains the sample items detail.

FINDINGS

The State agency did not always stop making payments after a beneficiary's death, despite its efforts to identify and recover any overpayments. Of the 124 capitation payments in our random sample selected from payments to beneficiaries whose DODs preceded the payment date, the State agency recovered 10 prior to the start of our audit, and 1 was not recoverable.¹⁵ For the remaining 113 payments, the State agency made overpayments totaling \$192,273 (\$111,503 Federal share). During the course of our audit, the State agency adjusted 34 of the 113 payments totaling \$64,948.

- For 62 overpayments (55 percent), the State agency did not identify enrolled beneficiaries who were identified as deceased in the FMMIS and did not make appropriate adjustments. These overpayments occurred because the State agency did not timely update the DODs in the FMMIS, and the beneficiaries' enrollments were not updated once they were identified as deceased.
- For 51 overpayments (45 percent), the State agency data sources had incorrect, inconsistent, or missing DOD information. The overpayments occurred because the State agency did not collaborate with BVS, the SDX, and DCF to determine the inconsistency between the sources of DODs and did not use additional sources or alternative procedures to determine the reason its data sources were inconsistent. For nine of these overpayments, the State agency was not able to explain the reasons they occurred.

On the basis of our sample results, we estimated that the State agency made overpayments to MCOs totaling \$26,202,536 (\$15,356,486 Federal share) during our audit period. These overpayments amount to approximately 2 percent of the \$1.3 billion that the State agency paid to MCOs from July 1, 2009, through November 5, 2014.¹⁶

THE STATE AGENCY MADE OVERPAYMENTS TO MEDICAID MANAGED CARE ORGANIZATIONS

The State agency contract with MCOs allows the State agency to adjust previously paid rates when capitation rate payments have been made for enrollees who are determined not to have been eligible. The State agency, however, did not always stop making payments after a beneficiary's death, despite its efforts to identify and recover any overpayments during our audit period. Of the 124 capitation payments in our random sample, the State agency recovered 10 prior to the start of our audit, and 1 was not recoverable. For the remaining 113, the State agency

¹⁵ The one line item (a capitation payment for service month July 2009) was not recoverable because contract language did not support recovery of any identified payment made on behalf of deceased beneficiaries during the months of July and August of 2009.

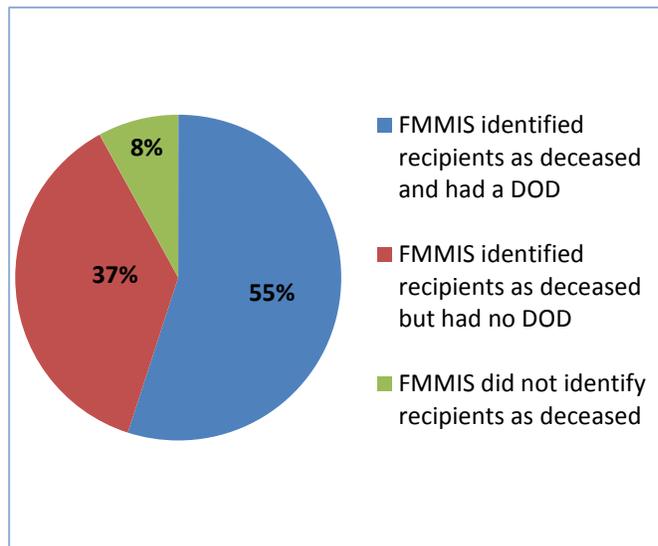
¹⁶ The \$1.3 billion in payments made to MCOs on behalf of Medicaid beneficiaries who died during our audit period was the sample population for this audit. It does not represent total payments the State agency made to Medicaid MCOs during this time period.

made overpayments totaling \$192,273 (\$111,503 Federal share). During the course of our audit, the State agency adjusted 34 of the 113 overpayments totaling \$64,948.

Figure: Capitation Payments After Beneficiary's Death

Of the 113 overpayments:

- 62 (55 percent) totaling \$131,732 (\$76,744 Federal share) were made on behalf of deceased beneficiaries whose DODs were identified in the FMMIS,
- 42 (37 percent) totaling \$52,678 (\$30,281 Federal share) were made on behalf of deceased beneficiaries that the FMMIS identified but for which it had no identifiable DODs, and
- 9 (8 percent) totaling \$7,863 (\$4,478 Federal share) were for beneficiaries who were not identified as deceased in the FMMIS.



Using the DMF, we were able to confirm or identify the DODs of the beneficiaries associated with the 113 overpayments that we identified. For instances in which the DMF had inconsistent information with the FMMIS or when the FMMIS was missing the DODs, we independently verified the beneficiaries' DODs using one of the following sources:

- Accurint,¹⁷
- BVS,
- Massachusetts Registry of Vital Records and Statistics, or¹⁸
- Indiana State Department of Health, Vital Records.¹⁹

¹⁷Accurint is a LexisNexis data depository that contains more than 20 billion records from more than 10,000 data sources. Accurint's primary source for DODs is the SSA DMF. Accurint also contains death information from obituaries and State death records.

¹⁸ Because we could not locate the place of death for two beneficiaries, we contacted SSA to determine the place of death. We then contacted the State office of vital records for the State where the beneficiary died to obtain a verification of death.

¹⁹ Ibid.

THE STATE AGENCY DID NOT HAVE SUFFICIENT SAFEGUARDS TO IDENTIFY AND RECOVER OVERPAYMENTS

The contracts between the State agency and the MCO that were current during our audit period allowed adjustments to funds previously paid “when capitation rate payments have been made for enrollees who are determined not to have been eligible for Managed Care Plan membership during the period for which the capitation rate payments were made” (State agency contract, Attachment II, section IX.B.2.b).²⁰

The State Agency Made Overpayments for Sample Items That Had the Date of Death

Sixty-two sample items (55 percent of the 113 overpayments) made on behalf of deceased beneficiaries were associated with beneficiaries who had DODs in the FMMIS. However, the State agency made overpayments totaling \$131,732 (\$76,744 Federal share) on behalf of these 62 deceased beneficiaries.

According to the State agency, these overpayments occurred because it did not timely update the DODs in the FMMIS, and the beneficiaries’ enrollments were not updated once they were identified as deceased. Without updated data, the State agency encountered problems recovering payments in its automatic and manual recoupment processes.

The State Agency Had Inadequate Policies and Procedures To Identify and Correct Inaccurate Death Information

The State agency had inadequate policies and procedures to identify and correct inaccurate death information received through its three sources of death data: the SDX, BVS, and FLORIDA.

Forty-two sample items (37 percent of the 113 overpayments) were attributable to incorrect or inconsistent DOD information. For these sample items, the FMMIS did not list a DOD but did indicate that the beneficiary was deceased. These missing DODs occurred because the State agency removed the DODs from the FMMIS when the sources of death data were inconsistent. State agency officials said that the State agency removed the DODs to ensure that beneficiaries continued to receive health care services until it could determine the DODs. In addition to their current procedures, the State agency could have used additional sources, steps, or alternative procedures similar to our audit to determine the DODs of the beneficiaries for the capitation month in question.

²⁰ State agency contract No. FP020, Attachment II (Core Contract Provisions), page 169 of 214, dated February 4, 2014.

For example:

- For 6 of the 42 sample items, the SSN from the FMMIS record did not match the SSN from BVS's death record. For these sample items, BVS had an incorrect digit (or digits) in the beneficiaries' SSNs. Because of the discrepancies, the State agency removed the DODs from the FMMIS and did not process the disenrollment for these six beneficiaries. As a result, the State agency made overpayments totaling \$1,789 (\$1,038 Federal share) on behalf of these six beneficiaries.
- For 4 of the 42 sample items, the beneficiaries did not die in Florida, and the DOD information was missing from the FMMIS. Because the beneficiaries died out of State, BVS did not provide the State agency with DODs, but the FLORIDA and SDX did. The inconsistency between the BVS file and the FLORIDA and SDX caused the State agency to remove the DODs from the beneficiaries' FMMIS files. As a result, the FMMIS did not process the disenrollment, and the State agency made overpayments totaling \$6,963 (\$4,083 Federal share) on behalf of these four beneficiaries.

As a result, the State agency made overpayments totaling \$52,678 (\$30,281 Federal share).

The overpayments occurred because the State agency did not collaborate with BVS, the SDX, and DCF to determine the inconsistency between the sources of DODs and did not use additional sources or alternative procedures to determine the reason its data sources were inconsistent.

The State Agency Did Not Identify Death Information

The State agency has policies and procedures to identify death information received through its three sources of death data: the SDX, BVS, and FLORIDA. However, for 9 of the sample items (8 percent of the 113 overpayments), the FMMIS did not identify the beneficiary as deceased. As a result, the State agency made overpayments totaling \$7,863 (\$4,478 Federal share).

The State agency was not able to explain the reason these overpayments occurred.

ESTIMATE OF CAPITATION OVERPAYMENTS

On the basis of our sample results, we estimated that the State agency made overpayments to MCOs totaling \$26,202,536 (\$15,356,486 Federal share) during our audit period.

RECOMMENDATIONS

We recommend that the State agency:

- identify and recover overpayments totaling \$26,202,536 from MCOs and refund \$15,356,486 (Federal share) to the Federal Government;
- perform monthly reviews of FMMIS records to ensure that beneficiaries with DODs are removed from the SMMC;

- 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 the FMMIS and incoming death records are quickly resolved; and
- improve its collaborative efforts with SSA, DCF, and BVS to identify and resolve inconsistencies in recipient information such as DOD and SSN.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency did not indicate whether it agreed or disagreed with our recommendations; nevertheless, it described steps that it has taken or planned to take to implement our four recommendations.

The State agency told us that the Medicaid Fiscal Agent Operations (MFAO) bureau reviewed about \$24 million of the \$26 million in overpayments that we identified and that it has recovered \$23.7 million of that amount. It also found that \$206,309 was not paid in error. The State agency stated that it will review the remaining capitation payments that we identified and determine a course of action.

Regarding our second recommendation, the State agency said that it “cannot identify any occurrence of a recipient not being removed from [a plan] once a DOD is received and applied to the recipient’s record.” Regarding our third recommendation, the State agency said that identifying and correcting inaccurate death information is the function of the MFAO team and that it has an automated system hierarchy to resolve variances among data sources. Regarding our fourth recommendation, the State agency described steps it is taking to improve collaboration with SSA, DCF, and BVS to gain access to the DOD information it needs.

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

OFFICE OF INSPECTOR GENERAL RESPONSE

After reviewing the State agency’s comments, we agree with the steps the State agency is taking to recover the identified overpayments. However, we have not verified that the recoveries took place or that the Federal Government has been properly credited for these recoveries. We disagree with the State agency’s statement relating to our second recommendation because our sample included 62 instances where the State agency did not identify as deceased and recoup payments for enrolled beneficiaries when the FMMIS had a DOD. We stand by our recommendation that the State agency perform monthly reviews to identify this type of error. Regarding our third recommendation, the State agency needs to implement additional procedures to ensure that incorrect or inconsistent DOD information is resolved properly because the State agency’s procedures allowed overpayments on 42 sample items.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit covered 27,605 Medicaid capitation payments to MCOs totaling \$29,309,242 (\$17,123,273 Federal share) on behalf of beneficiaries whose DODs preceded the payment dates. We reviewed capitation payments that the State agency made from July 1, 2009, through November 5, 2014 (audit period). We selected a random sample of 124 capitation payments totaling \$220,088 (\$127,623 Federal share) for review. In total, the State agency paid MCOs \$1,311,955,045 in Medicaid capitation payments on behalf of deceased beneficiaries from July 1, 2009, through November 5, 2014.

We did not review the overall internal control structure of the State agency or its Medicaid program. Rather, we reviewed only those internal controls related to our objective. We limited our review to determining whether MCOs in Florida received capitation payments on behalf of beneficiaries whose DODs preceded the payment dates.

Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the State agency's Decision Support System, which receives data directly from the FMMIS. Although we performed a completeness test, we do not attest to the completeness of the file.

We conducted our audit fieldwork from February through June 2015.

METHODOLOGY

To accomplish our objective, we:

- reviewed Federal and State laws, regulations, and guidance;
- gained an understanding of the State agency's internal controls over preventing, identifying, and correcting payments after a beneficiary's death;
- reviewed the State agency contracts with the MCO during the period of our review;
- obtained from the State agency a file of capitation payments made to MCOs on behalf of Medicaid beneficiaries in Florida for the audit period (the State agency file);
- matched the State agency file to the DMF and identified 2,814,118 capitation payments totaling \$1,311,995,045 associated with deceased Medicaid beneficiaries (capitation payment data);
- created a sampling frame from the capitation payment data of 27,605 capitation payments totaling \$29,309,242 (\$17,123,273 Federal share) that the State agency made to MCOs on behalf of beneficiaries whose DODs preceded the payment dates;

- selected for review a random sample of 124 capitation payments totaling \$220,088 (\$127,623 Federal share);
- obtained access to the FMMIS and, for each sample capitation payment, obtained documentation to support:
 - the beneficiaries' first and last names, SSNs, dates of birth (we ensured this information matched the DMF), and Medicaid identification numbers;
 - whether the FMMIS identified the beneficiaries' DODs;
 - that a capitation payment occurred for the service month (we ensured the accuracy of the paid amount); and
 - an adjustment to the sample capitation payment;
- compared the DODs in the FMMIS and the DMF for 113 sample items;
- used Accurint, BVS, Massachusetts Registry of Vital Records and Statistics, or Indiana State Department of Health Vital Records as alternative information sources to independently confirm whether beneficiaries were deceased and the dates on which they had died for those sample items where the FMMIS did not identify the beneficiaries' DODs;
- treated as not recoverable sample items with a capitation payment in capitation months of July and August 2009 because contract language did not support recovery of any identified payment made on behalf of deceased beneficiaries for these months; and
- estimated the value of payments made after a beneficiary's death by using the Office of Inspector General (OIG), Office of Audit Services (OAS), statistical software.

In addition, to determine the Federal share of the payments after a beneficiary's death, we:

- obtained from the State agency the eligibility records for the payments;
- identified the Medicaid Eligibility Program Codes²¹ from the FMMIS records;
- obtained the annual FMAP rates for the Medicaid Eligibility Program Codes for the period of our review;
- matched the FMAP rates to the sample capitation payments using the capitation payment service month;

²¹ The Medicaid Eligibility Program Codes identify the reasons the beneficiaries are eligible for the Medicaid program. The applicable FMAP is determined on the basis of a beneficiary's reason for Medicaid entitlement.

- quantified the Federal payment by multiplying the payments by the applicable FMAP rate; and
- estimated the value of payments identified in our sample by using the OIG, OAS, statistical software program.

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 B: STATISTICAL SAMPLING METHODOLOGY

POPULATION

The population consisted of Medicaid capitation payments that the State agency made to MCOs from July 1, 2009, through November 5, 2014. The State agency made these payments on behalf of Medicaid beneficiaries who were deceased.

SAMPLING FRAME

From a database of 2,814,118 capitation payments totaling \$1,311,995,045 extracted from the FMMIS, we removed 2,775,851 capitation payments totaling \$1,282,685,803 to refine our sampling frame (Table 2).

Table 2: Capitation Payments Removed From the Sampling Frame

Number of Capitation Payments	Capitation Payment Amount	Reason for Removal
2,664,031	\$1,290,299,483	Paid during or prior to month of death – capitation payments were correct.
83,976	(10,556,488)	\$0 paid amount, or (These are the result of capitation payments that were later adjusted – we netted both transactions.) Negative paid (These are adjustments made during our audit period for capitation payments made prior to our audit period, or for capitation payments that had no netting transactions.)
19,377	96,662	Capitation payments less than \$50.
8,459	2,843,289	Date of birth in the capitation payment data did not match the Death Master File date of birth – capitation payments potentially correct.
8	2,857	Service period prior to July 1, 2009 (audit period).
2,775,851	\$1,282,685,803	Totals

This refinement left 38,267 capitation payments totaling \$29,309,242. We netted all capitation payments made to one MCO on behalf of a single beneficiary during a transaction month because, for some recipients, the State agency paid more than one capitation payment to an MCO for a transaction month. The resulting file consisted of 27,605 net capitation payments totaling \$29,309,242, from which we drew our sample.

SAMPLE UNIT

The sample unit was a capitation payment to an MCO on behalf of a single beneficiary during a service month.

SAMPLE DESIGN

We used a stratified random sample. We divided the sampling frame into five categories as shown in Table 3:

Table 3: Categories of Sampling Frame

Category	Description of Stratum
1	Capitation payments for services months July 1, 2009, through June 30, 2014 (Payment totals >\$50 and ≤\$900)
2	Capitation payments for services months July 1, 2009, through June 30, 2014 (Payment totals >\$900 and ≤\$5,000)
3	Capitation payments for services months July 1, 2014, through November 5, 2014 (Payment totals >\$50 and ≤\$2,200)
4	Capitation payments for services months July 1, 2014, through November 5, 2014 (Payment totals >\$2,200 and ≤\$5,000)
5	Capitation payments for services months July 1, 2009, through June 30, 2014 (Payment totals >\$5,000)

SAMPLE SIZE

We selected a sample of 124 capitation payments, as follows in Table 4:

Table 4: Sample Strata by Category

Stratum	Category	Sample Size
1	Category 1	30
2	Category 2	30
3	Category 3	30
4	Category 4	30
5	Category 5	4
	Total	124

SOURCE OF RANDOM NUMBERS

We generated the random numbers using the OIG, OAS, statistical software.

METHOD FOR SELECTING SAMPLE UNITS

We consecutively numbered the capitation payments within each stratum. After generating the random numbers for each stratum, we selected the corresponding frame items. We selected all payments in stratum 5.

ESTIMATION METHODOLOGY

We used the OIG, OAS, statistical software to estimate the amount of the payments made after a beneficiary's death.

APPENDIX C: SAMPLE RESULTS AND ESTIMATES

Table 5: Sample Results

Stratum	Number of Capitation Payments	Value	Sample Size	Value of Sample	Number of Incorrect Payments	Value of Incorrect Payments
1	9,925	\$3,387,502	30	\$10,102	24	\$7,894
2	5,265	5,868,106	30	31,257	26	27,342
3	7,410	2,627,672	30	14,517	30	14,517
4	5,001	17,364,327	30	102,577	30	102,577
5	4	61,635	4	61,635	3	39,943
Totals	27,605	\$29,309,242	124	\$220,088	113	\$192,273

Table 6: Federal Share Amounts

Stratum	Number of Capitation Payments	Value	Sample Size	Value of Sample	Number of Incorrect Payments	Value of Incorrect Payments
1	9,925	\$1,902,560	30	\$5,650	24	\$4,375
2	5,265	3,340,795	30	17,803	26	15,556
3	7,410	1,557,120	30	8,625	30	8,625
4	5,001	10,288,129	30	60,876	30	60,876
5	4	34,669	4	34,669	3	22,071
Totals	27,605	\$17,123,273	124	\$127,623	113	\$111,503

Table 7: Estimated Value of Payments
(Limits Calculated for a 90-Percent Confidence Interval)

	Total Amount	Federal Share
Point estimate	\$28,135,246	\$16,478,072
Lower limit	26,202,536	15,356,486
Upper limit	30,067,957	17,599,659

APPENDIX D: FEDERAL AND STATE REQUIREMENTS

FEDERAL REQUIREMENTS

The Federal Government pays its share of a State's medical assistance expenditures under Medicaid based on the FMAP, which varies depending on the State's relative per capita income as calculated by a defined formula (42 CFR § 433.10).

In connection with the Medicaid managed care program, providers are defined as “any individual or entity that is engaged in the delivery of health care services and is legally authorized to do so by the State in which it delivers the services ” (42 CFR § 400.203).

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).

STATE REQUIREMENTS

Florida Statute § 409.913 required the State agency to “operate a program to oversee the activities of Florida Medicaid recipients, and providers and their representatives ... to recover overpayments”

State Agency Contract With Managed Care Organizations

The State agency entered into contractual agreements with the MCOs. The contracts allow adjustments to funds previously paid. For example, the State contract dated February 4, 2014, states that “when capitation rate payments have been made for enrollees who are determined not to have been eligible for Managed Care Plan membership during the period for which the capitation rate payments were made” (State agency contract, Attachment II, section IX.B.2.b).

APPENDIX E: SAMPLE ITEMS DETAIL

Sample Items	Capitation Month	Date of Death	Net Capitation Payment for Capitation Month	Net Capitation Adjustment for Capitation Month	Sample Item Payment Calculation	Federal Share of Payment Calculation
1	Dec-12	11/30/2012	\$110.27	(\$110.27)	\$0.00	\$0.00
2	Dec-12	2/20/2010	138.50	N/A	138.50	80.44
3	Jan-13	8/31/2012	79.76	N/A	79.76	46.32
4	Apr-11	8/20/2010	78.18	N/A	78.18	43.35
5	Nov-10	10/20/2010	14.56	N/A	14.56	8.07
6	Jun-12	1/3/2012	81.38	N/A	81.38	45.61
7	Sep-09	8/8/2009	437.87	N/A	437.87	242.58
8	Mar-12	12/4/2010	13.72	N/A	13.72	7.69
9	Apr-13	3/12/2013	59.44	(59.44)	0.00	0.00
10	Jun-11	10/9/2010	834.61	N/A	834.61	462.79
11	Oct-10	8/23/2010	142.49	N/A	142.49	79.01
12	Jan-13	4/5/2012	897.46	(897.46)	0.00	0.00
13	Jan-13	4/24/2012	749.66	(749.66)	0.00	0.00
14	Apr-11	8/23/2010	302.05	N/A	302.05	167.49
15	May-11	3/16/2011	66.58	N/A	66.58	36.92
16	Sep-10	8/31/2010	199.13	N/A	199.13	109.48
17	Feb-13	12/15/2012	77.19	(77.19)	0.00	0.00
18	Oct-09	7/20/2008	168.83	N/A	168.83	92.82
19	Mar-11	11/22/2009	832.07	N/A	832.07	461.38
20	Jul-11	5/11/2011	672.14	N/A	672.14	372.70
21	Jul-12	6/27/2012	179.17	N/A	179.17	100.41
22	Aug-11	7/5/2011	13.73	N/A	13.73	7.61
23	May-12	1/15/2012	74.61	N/A	74.61	41.81
24	Jun-11	5/29/2011	314.69	(314.69)	0.00	0.00
25	May-11	2/24/2011	104.59	N/A	104.59	58.00
26	Aug-11	11/16/2010	849.52	N/A	849.52	471.06
27	Jul-10	3/10/2010	816.96	N/A	816.96	449.16
28	Sep-10	8/16/2010	898.66	N/A	898.66	494.08
29	Dec-11	6/19/2011	62.34	N/A	62.34	34.94
30	Nov-10	7/6/2010	832.07	N/A	832.07	461.38
31	May-13	11/18/2011	\$935.58	N/A	\$935.58	\$543.38

Sample	Capitation	Date of	Net	Net	Sample Item	Federal
32	Jun-12	4/25/2011	1,050.70	N/A	1,050.70	588.81
33	Jan-13	10/1/2011	957.02	N/A	957.02	555.84
34	Sep-11	4/7/2010	1,004.08	N/A	1,004.08	556.76
35	May-12	4/30/2012	951.30	N/A	951.30	533.11
36	Oct-11	4/2/2011	1,050.70	N/A	1,050.70	588.81
37	Jun-13	12/17/2012	974.02	N/A	974.02	565.71
38	Nov-12	8/28/2012	957.02	N/A	957.02	555.84
39	Jan-13	10/9/2012	950.77	N/A	950.77	552.21
40	Jul-09	6/6/2009	1,022.51	N/A	0.00	0.00
41	Dec-12	9/13/2012	931.78	(931.78)	0.00	0.00
42	Dec-12	10/11/2012	974.02	N/A	974.02	565.71
43	Oct-11	1/21/2011	914.26	N/A	914.26	512.35
44	Oct-12	8/14/2011	913.35	N/A	913.35	530.47
45	Oct-10	4/9/2007	988.40	N/A	988.40	548.07
46	Sep-09	8/9/2009	1,547.87	N/A	1,547.87	857.52
47	Mar-13	6/4/2012	919.79	N/A	919.79	534.21
48	Dec-12	8/9/2012	919.79	N/A	919.79	534.21
49	Sep-09	8/26/2009	1,597.42	N/A	1,597.42	884.97
50	Mar-13	10/18/2012	974.02	(974.02)	0.00	0.00
51	Jan-12	2/18/2011	979.14	N/A	979.14	548.71
52	Jan-13	7/30/2010	983.98	N/A	983.98	571.50
53	Sep-10	3/1/1981	948.96	N/A	948.96	521.74
54	May-13	12/3/2012	986.30	(986.30)	0.00	0.00
55	Sep-11	11/23/2007	914.26	N/A	914.26	506.96
56	Jun-13	3/9/2013	939.42	N/A	939.42	545.62
57	Dec-12	11/1/2012	1,429.36	N/A	1,429.36	830.17
58	Jun-13	2/25/2013	1,566.87	N/A	1,566.87	910.04
59	Nov-12	4/6/2012	913.35	N/A	913.35	530.47
60	Jul-10	3/31/2007	1,060.93	N/A	1,060.93	583.30
61	Nov-14	10/18/2014	2,014.59	N/A	2,014.59	1,203.11
62	Nov-14	10/15/2014	\$880.37	N/A	\$880.37	525.76
63	Aug-14	7/26/2014	\$147.19	N/A	\$147.19	\$86.53
64	Oct-14	9/17/2014	129.84	N/A	129.84	77.54

65	Nov-14	10/18/2014	994.27	N/A	994.27	593.78
66	Oct-14	9/22/2014	142.84	N/A	142.84	85.30
67	Oct-14	4/17/2014	130.64	N/A	130.64	78.02
68	Nov-14	7/23/2013	313.55	N/A	313.55	187.25
69	Nov-14	11/3/2013	123.68	N/A	123.68	73.86
70	Oct-14	9/29/2014	263.16	N/A	263.16	157.16
71	Nov-14	10/15/2014	90.26	N/A	90.26	53.90
72	Jul-14	6/30/2014	158.54	N/A	158.54	93.21
73	Nov-14	11/10/2011	457.19	N/A	457.19	273.03
74	Sep-14	6/19/2014	111.18	N/A	111.18	65.36
75	Jul-14	6/26/2014	158.71	N/A	158.71	93.31
76	Aug-14	7/19/2012	130.64	N/A	130.64	76.80
77	Nov-14	10/15/2014	1,625.95	N/A	1,625.95	971.02
78	Oct-14	9/30/2014	151.02	N/A	151.02	90.19
79	Jul-14	6/11/2014	151.88	N/A	151.88	89.29
80	Sep-14	8/31/2013	154.78	N/A	154.78	91.00
81	Aug-14	10/28/2013	430.47	N/A	430.47	253.07
82	Sep-14	8/17/2014	371.98	N/A	371.98	218.69
83	Nov-14	10/29/2014	142.84	N/A	142.84	85.30
84	Jul-14	5/15/2014	2,166.43	N/A	2,166.43	1,273.64
85	Nov-14	10/19/2014	1,095.92	N/A	1,095.92	654.48
86	Oct-14	7/9/2014	180.46	N/A	180.46	107.77
87	Aug-14	1/31/2013	873.03	(432.95)	440.08	258.72
88	Oct-14	9/20/2014	859.41	N/A	859.41	513.24
89	Nov-14	10/22/2013	154.78	N/A	154.78	92.43
90	Sep-14	3/12/2014	344.10	N/A	344.10	202.30
91	Oct-14	3/8/2014	3,421.67	N/A	3,421.67	2,043.42
92	Nov-14	10/9/2014	3,116.58	N/A	3,116.58	1,861.22
93	Nov-14	10/25/2014	3,815.07	N/A	3,815.07	2,278.36
94	Jul-14	11/26/2013	2,951.80	N/A	2,951.80	1,735.36
95	Jul-14	6/30/2014	4,037.25	N/A	4,037.25	2,373.50
96	Nov-14	10/22/2014	3,718.98	N/A	3,718.98	2,220.97
97	Oct-14	9/20/2014	3,487.92	N/A	3,487.92	2,082.99

98	Nov-14	10/23/2014	2,236.61	N/A	2,236.61	1,335.70
99	Nov-14	10/29/2014	3,085.07	N/A	3,085.07	1,842.40
100	Aug-14	2/13/2014	4,298.88	N/A	4,298.88	2,527.31
101	Nov-14	10/15/2014	3,626.93	N/A	3,626.93	2,166.00
102	Sep-14	6/17/2013	3,650.72	N/A	3,650.72	2,146.26
103	Nov-14	10/26/2014	3,507.30	N/A	3,507.30	2,094.56
104	Sep-14	12/11/2013	2,226.74	N/A	2,226.74	1,309.10
105	Nov-14	10/12/2014	3,682.05	N/A	3,682.05	2,198.92
106	Nov-14	10/19/2014	2,231.28	N/A	2,231.28	1,332.52
107	Sep-14	8/31/2014	4,182.92	N/A	4,182.92	2,459.14
108	Aug-14	4/30/2014	3,796.08	N/A	3,796.08	2,231.72
109	Nov-14	1/30/2014	4,065.28	N/A	4,065.28	2,427.79
110	Jul-14	4/15/2014	3,227.62	N/A	3,227.62	1,897.52
111	Sep-14	7/21/2014	3,493.89	N/A	3,493.89	2,054.06
112	Nov-14	4/8/2014	3,749.83	N/A	3,749.83	2,239.40
113	Aug-14	6/16/2014	3,687.97	N/A	3,687.97	2,168.16
114	Nov-14	7/10/2014	4,137.50	N/A	4,137.50	2,470.92
115	Nov-14	10/22/2014	3,194.27	N/A	3,194.27	1,907.62
116	Sep-14	12/1/2013	2,231.04	N/A	2,231.04	1,311.63
117	Nov-14	10/14/2014	3,364.20	N/A	3,364.20	2,009.10
118	Nov-14	10/29/2014	3,742.56	N/A	3,742.56	2,235.06
119	Nov-14	10/29/2014	3,183.03	N/A	3,183.03	1,900.91
120	Aug-14	7/25/2014	3,426.30	N/A	3,426.30	2,014.32
121	Jul-11	6/24/2011	11,697.53	N/A	11,697.53	6,486.28
122	Jul-11	5/10/2011	11,697.53	N/A	11,697.53	6,486.28
123	May-13	4/23/2013	21,692.25	(21,692.25)	0.00	0.00
124	Oct-09	9/14/2009	16,547.82	N/A	16,547.82	9,097.99
Totals²²			\$220,088	(\$26,793)	\$192,273	\$111,503

²² Totals are rounded.

**APPENDIX F: FLORIDA'S AGENCY FOR HEALTH CARE ADMINISTRATION
COMMENTS**



RICK SCOTT
GOVERNOR

ELIZABETH DUDEK
SECRETARY

September 9, 2016

Ms. Lori S. Pilcher
Regional Inspector General for Audit Services
Department of Health & Human Services
Office of Inspector General
Office of Audit Services, Region IV
61 Forsyth Street, SW, Suite 3T41
Atlanta, GA 30303

Dear Ms. Pilcher:

Thank you for your letter of July 26, 2016, requesting us to provide comments on the draft report number A-04-15-06182 entitled *Audit of Medicaid Capitation Payments for Deceased Beneficiaries in Florida*. In accordance with your request, we have mailed a paper copy and sent you an electronic copy of our comments.

If you have any questions regarding our response, please contact Mary Beth Sheffield at 850-412-3978.

Sincerely,



Elizabeth Dudek
Secretary

ED/szg
Enclosure

2727 Mahan Drive • Mail Stop #1
Tallahassee, FL 32308
AHCA.MyFlorida.com



Facebook.com/AHCAFlorida
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SlideShare.net/AHCAFlorida

**Agency for Health Care Administration
Audit of Medicaid Capitation Payments for Deceased Beneficiaries in Florida
Response to HHS/OIG Draft Report A-04-15-06182 dated July 2016**

Summary of Findings

The State agency did not always stop making capitation payments after a beneficiary's death, despite its efforts to identify and recover any overpayments. Of the 124 capitation payments in our random sample selected from payments to beneficiaries whose date of death (DOD) preceded the payment date, 10 were recovered by the State agency prior to the start of our audit and one was not recoverable. For the remaining 113 payments, the State agency made overpayments totaling \$192,273 (\$111,503 Federal share). During the course of our audit, the State agency adjusted 34 of the 113 payments totaling \$64,948.

On the basis of our sample results, we estimated that the State agency made overpayments to managed care organizations (MCOs) totaling \$26,202,536 (\$15,356,486 Federal share) during our audit period. These overpayments amount to approximately 2 percent of the \$1.3 billion that the State agency paid to MCOs from July 1, 2009, through November 5, 2014, on behalf of deceased Medicaid beneficiaries. State agency officials told us that since the beginning of our fieldwork, the State agency has recouped \$10,239,141 of the \$26,202,536 of the identified overpayments.

Recommendation #1

Identify and recover overpayments totaling \$26,202,536 from MCOs and refund \$15,356,486 (Federal share) to the Federal Government.

Agency Response and Corrective Action Plan

The Medicaid Fiscal Agent Operations (MFAO) bureau reviewed the data (supplied by the OIG Office) of identified overpayments. Below is a summary of the MFAO's findings.

<i>Amount collected by the Agency (to date):</i>	<i>\$23,661,504.88</i>
<i>Capitation payments erroneously identified as errors:</i>	<i>\$ 206,308.91</i>

There are 9,883 identified capitation payments for 1,368 recipients that the Agency will review. The MFAO will review this population and determine a course of action.

If the research shows that a DOD update was received and not applied to the FMMIS, the automated recipient match criteria will be reviewed. If it is determined that the match criteria can be modified without causing erroneous closures, the MFAO will recommend a change to the automated match criteria methodology.

Once a DOD is verified, the DOD on the FMMIS will require a manual, online update and capitation recoupments will automatically generate.

Agency for Health Care Administration
Audit of Medicaid Capitation Payments for Deceased Beneficiaries in Florida
Response to HHS/OIG Draft Report A-04-15-06182 dated July 2016

Recommendation #2

Perform monthly reviews of FMMIS records to ensure that beneficiaries with DODs are removed from the Statewide Medicaid Managed Care Program (SMMC).

Agency Response and Corrective Action Plan

The MFAO cannot identify any occurrence of a recipient not being removed from a SMMC plan once a DOD is received and applied to the recipient's record. The FMMIS processes transaction files nightly, and during the monthly capitation process, SMMC enrollment is systematically ended and capitation payments are recouped as necessary. Florida Medicaid pays capitation payments prospectively and, on average, it is a month after a person's death before the Florida Department of Children and Families (DCF), the Social Security Administration (SSA), or Florida's Bureau of Vital Statistics (Vital Statistics) submits the death information to the FMMIS.

Recommendation #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 the FMMIS and incoming death records are quickly resolved.

Agency Response and Corrective Action Plan

This is a current function of the MFAO Recipient Team. There is an automated system hierarchy that is followed when different DODs are received from various sources. For example, DODs received from Vital Statistics have the highest priority and can only be modified by a manual, online update.

In addition, the FMMIS generates DOD mismatch reports that are reviewed and resolved by the MFAO Recipient Team.

Recommendation #4

Improve its collaborative efforts with SSA, the Department of Children and Families, and Florida's Bureau of Vital Statistics to identify and resolve inconsistencies in recipient information such as DOD and Social Security numbers (SSN).

Agency Response and Corrective Action Plan

The Agency must rely on SSA, DCF, and Vital Statistics for DOD information and their data is made available to the Agency. The Agency is not the owner of this data. The Agency has offered suggestions and recommendations to the federal agencies, who have said they would take our recommendations under advisement. The Agency has been attempting to gain access to the SSA Death Master file for over 18 months but, to date, we have not had success gaining SSA assistance. The Agency has and will continue to work with DCF on an ongoing basis to improve the process.