



Audit Summary

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State of Rhode Island Medicaid Capitation Paid for Members Residing in Other States

Capitation Periods - January 1, 2019
through December 31, 2021

AUDIT FINDING AND CONCLUSIONS

Rhode Island Medicaid made an estimated \$38.4 million in managed care capitation payments in the period from January 1, 2019 through December 31, 2021 for members who were residing in and had enrolled in Medicaid programs in nine other states and Puerto Rico. Rhode Island general revenues funded approximated \$16.5 million or 43% of these payments.

Internal controls over eligibility were not operating effectively to reasonably ensure that eligibility was limited to members residing in Rhode Island.

Public Assistance Reporting Information System (PARIS) interstate matching service notifications and address history reporting by Accurant (LexisNexis) were found to be reliable data sources in identifying Medicaid members no longer residing in the State.

AUDIT OBJECTIVE AND SCOPE

In collaboration with the U.S. Department of Health and Human Services' Office of Inspector General, the Rhode Island Office of the Auditor General (RIOAG) conducted an audit of capitation payments made to managed care organizations (MCOs) by the RI Medicaid Program (as administered by EOHHS) for the period January 1, 2019 through December 31, 2021.

Our audit objective was to determine whether RI Medicaid made capitation payments to MCOs on behalf of ineligible members who resided and received benefits in another state or territory. Federal regulations generally require members to reside in Rhode Island to be eligible for Medicaid benefits in the State.

In conjunction with this audit objective, we also evaluated the effectiveness of RI Medicaid's current policies and procedures in discontinuing eligibility when members were identified as no longer residing in the State. This objective included providing recommendations to address the findings and deficiencies noted by our audit.

RECOMMENDATIONS

We recommended that RI Medicaid:

- 1) Improve internal controls over member residency requirements for Medicaid eligibility. Specifically, enhance and monitor existing policies and procedures to (a) identify instances where members have relocated out of State and (b) initiate member notification process and eligibility termination if a member does not respond in the time permitted under federal regulations or does not provide supporting documentation of their current residency in the State.
- 2) Improve effectiveness of PARIS automated controls over residency verification by (a) generating high priority caseworker tasks when PARIS notifications remain unresolved on a member case for 60 days or more, (b) developing monthly reporting that details the amount of PARIS matches reported, the number of related documentation requests sent to members, and the number of case terminations resulting from member non-response, and (c) implementing caseworker training on resolving PARIS notification tasks within RIBridges.
- 3) Utilize Accurant address data as a second validation to substantiate returned mail and National Change of Address database information (U.S. Postal Service) indicators that a member has relocated out of State. Once substantiated, initiate system tasks to request documentation from the member in support of their current residency and initiate case closure if no response is received within the notification period.

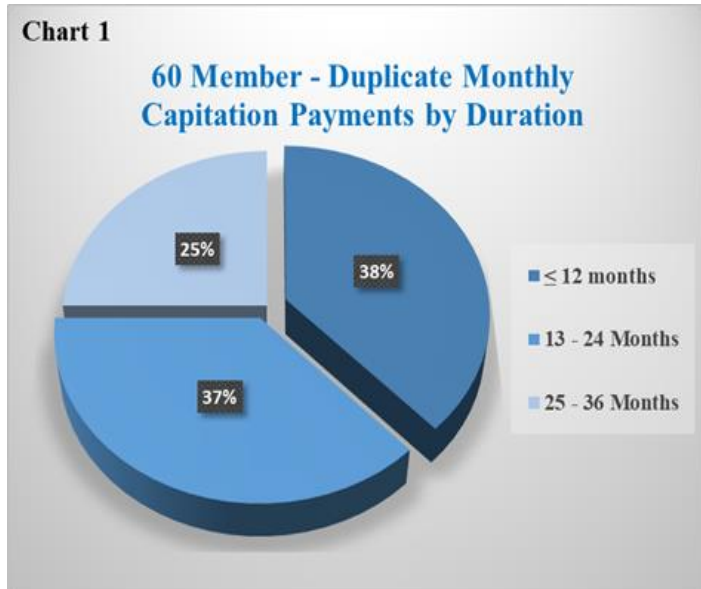
WHAT THE DATA SHOWED

Chart 1 on page 2 indicates that, it was common for capitation payments made by Rhode Island to overlap with other states for 2-3 years. This analysis further supported our finding that RI Medicaid's procedures to detect instances where members are no longer residing in the State were ineffective.

RI Medicaid members had 194,024 overlapping capitation payments. These concurrent payments occurred in 42 of the 51 Medicaid agencies that reported data to the federal Transformed Medicaid Statistical Information System (T-MSIS). **Illustration 1** on page 2 shows the distribution of those concurrent payments by the State/Territory. The top 10 states and territories with the largest dollar value of concurrent capitation payments were selected as the test population for the audit. RI Medicaid's final population included the following states and territory: California,

Connecticut, Florida, Georgia, Massachusetts, New Jersey, North Carolina, Pennsylvania, Puerto Rico, and Texas.

the state where the member was receiving Medicaid services in 92% of the cases we evaluated.



Our testing found that PARIS interface notifications provided accurate information that members had relocated out of State in 82% of the cases that were determined to have paid capitation on their behalf when the member no longer resided in Rhode Island. We also determined that Accurant address history data matched

REPORT SIGNIFICANCE

For large federal programs like Medicaid, operating these programs efficiently is vital for states to ensure the financial sustainability of critical benefits to its citizens. In Rhode Island, Medicaid provides medical benefits to one-third of the State's population and represents the largest expenditure category in the State budget. The size and complexity of the program necessitates well designed and effective controls to manage program eligibility and benefits.

This audit specifically highlights the need for improved controls over Medicaid member residency to ensure that the State complies with State and federal regulations and to prevent funding of costly benefits for members ineligible for this program.

AUDIT STANDARDS

The RIOAG conducted this performance audit in accordance with *Government Auditing Standards*. Management's response to the findings and recommendations, including planned corrective actions, are detailed in our report.

The audit report is available on our website - www.oag.ri.gov or by calling the office at 401.222.2435

