PERFORMANCE AUDIT

DEPARTMENT OF SOCIAL SERVICES
MEDICAID ELIGIBILITY

From The Office Of State Auditor
Claire McCaskill

Management weaknesses increase the risk ineligible recipients remain active in the Medicaid program.

Report No. 2004-29
April 27, 2004
www.auditor.mo.gov

Office of
Missouri State Auditor
Claire McCaskill

April 2004

YELLOW SHEET

Management Weaknesses Increase the Risk Ineligible Recipients Remain Active in the Medicaid Program

This audit reviewed the controls and procedures used by the Department of Social Services to determine Medicaid eligibility. Auditors also focused on the potential unnecessary Medicaid program costs paid by the state when recipients were incorrectly determined eligible for benefits or remained eligible beyond limits established in state and federal regulations.

More than 40 percent of Medicaid recipients had no recent eligibility reevaluation

Caseworkers are not performing annual eligibility redeterminations as required by federal and state regulations. As of June 30, 2003, eligibility had not been redetermined for a year or more for 383,004 of 934,453 recipients (41 percent). In July 2002, caseworkers were notified they could stop doing routine eligibility redeterminations. Officials said caseworkers could not keep up with their current workload given staffing available under current budget limits. Instead, these caseworkers were to use various computer-generated data matches and exception reports to identify changes for recipients that could impact eligibility and focus on those cases. However, our analysis identified numerous weaknesses in the match and report processes impacting identification and review of recipient eligibility status. (See page 3)

Social security numbers not being obtained on all recipients

Federal regulations require a Medicaid recipient furnish a valid social security number (SSN) to receive benefits, but auditors found caseworkers were not obtaining valid SSNs on all recipients. As of June 30, 2003, auditors identified nearly 45,000 active Medicaid recipients without a SSN or an invalid SSN in department computer systems. Federal regulations do not allow states to deny or delay benefits pending obtaining or verification of a SSN, but auditors found 67 percent of these recipient's cases had been open at least a year. Review of case documentation for a sample of these recipients indicated 30 percent of recipients with no reported SSN did not have one noted in their case file and nearly 50 percent of invalid SSNs were the result of caseworker input errors. In addition, auditors found a monthly exception report listing recipients with no or an invalid SSN was inadvertently discontinued, which went unnoticed until auditors identified it. Obtaining valid SSNs for all recipients (including children) is an important step in ensuring only eligible individuals receive Medicaid services. (See page 5)

State allowing some recipients to remain Medicaid eligible beyond their age limit

Children who are 19 are normally no longer eligible for Medicaid. As of July 2003, auditors identified 2,510 recipients over age 19 who received nearly $1.3 million in Medicaid services after they became ineligible. Caseworkers have access to a report

showing recipients reaching age limits, but they said they have no time to review the report or did not receive it timely. (See page 6)

Some deceased recipients are not being identified

Procedures to identify recipients who have died are not as effective as possible. Auditors identified 1,112 active recipients the department's death match analysis had not identified. Medicaid payments totaling at least $144,000 were made for these recipients after their death. Auditors used historic death records and different match criteria to identify the deceased recipients. (See page 7)

Matches to wages and unemployment benefits not being done

Computer matches to verify wages and unemployment benefits on active Medicaid employees were stopped in July 2000 unbeknownst to officials until auditors identified it. Federal regulations require state officials to verify wages when a person applies for Medicaid and quarterly thereafter, and verify unemployment benefits. A recipient's unreported job or wage changes would likely be missed by caseworkers without these matches. (See page 10)

Faulty edit causes unnecessary program costs

Auditors identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. This problem resulted in unnecessary costs of at least $35,000. A system edit is supposed to ensure Medicaid eligibility is not started before a recipient's birth date; however, starting in March 2000, this edit was not being applied to newborns being added to the mother's case. As of January 2004, division officials were working to correct the edit problem. (See page 10)

All reports are available on our website: www.auditor.mo.gov

DEPARTMENT OF SOCIAL SERVICES
MEDICAID ELIGIBILITY

TABLE OF CONTENTS

CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Steve Roling, Director
Department of Social Services
Jefferson City, MO 65102

The State Auditor's Office audited the Department of Social Services practices and procedures for determining recipients' eligibility for Medicaid benefits. The objectives of this audit were to evaluate (1) the controls used to determine Medicaid eligibility and (2) the potential unnecessary Medicaid program costs due to recipients being incorrectly determined eligible for benefits or remaining eligible because staff did not conduct required reviews of eligibility timely.

Audit results indicated ineligible and potentially ineligible recipients remained active in the Medicaid program. Caseworkers did not follow state and federal rules for establishing and verifying eligibility, or review cases identified as exceptions in the management control system. Managers did not properly oversee casework and were not aware that some exception reports in the management control system were inadvertently eliminated.

We conducted the audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

The following auditors contributed to this report:

Director of Audits:	William D. Miller, CIA, CGFM
Assistant Director of Audits:	Jon Halwes, CPA, CGFM
In-Charge Auditor:	Tara Shah, CPA
Audit Staff:	Kenneth Allman
	George Atkinson
	Andria Hendricks
	Lori Melton, CPA
	Frank Verslues

224 State Capitol • Jefferson City, MO 65101

Truman State Office Building, Room 880 • Jefferson City, MO 65101 • (573) 751-4213 • FAX (573) 751-7984

RESULTS AND RECOMMENDATIONS

Weak Medicaid Eligibility Procedures Increase Risk for Ineligible Recipients in the Program

Management decisions and weak internal controls have resulted in thousands of ineligible or potentially ineligible recipients continuing to receive services under Medicaid and other state medical assistance programs. Caseworkers no longer perform routine eligibility redeterminations on Medicaid cases at least annually as required by state and federal law. Officials placed reliance on numerous computer-generated matches and exception reports produced for caseworkers to identify recipients whose eligibility criteria may have changed. However, several of these matches and reports were either not working as these officials thought or were not being sufficiently used by caseworkers either through inaction or lack of communication. Officials explained staffing shortages led to the de-emphasis on case redeterminations, but had no explanation why the weaknesses with the matches and reports went undetected in some cases for a significant length of time.

Background

The Department of Social Services - Family Support Division[1] (FSD) determines eligibility for the majority of recipients for various department administered medical assistance programs including Medicaid and State Children's Health Insurance Program (SCHIP). The department's Division of Medical Services administers these programs. Some recipients receive Medicaid benefits through a fee for service arrangement, while others receive benefits through a managed care plan. Under managed care, recipients select a health plan and a primary care provider within the plan to access healthcare services. The state pays the health plans a per person amount each month (capitation payment) to cover all health benefits. SCHIP is operated under the state's Medicaid program, but federal matching funds come from a federal grant program other than Medicaid. The Department of Health and Human Services – Centers for Medicare and Medicaid Services oversees and has federal responsibility for the Medicaid and SCHIP programs. Medicaid and SCHIP costs are approximately 61 and 72 percent, respectively paid from federal funding. All dollar amounts presented in this report represent both the state and federal share. At June 30, 2003, there were 958,634 recipients active in a department medical assistance program.

Federal regulations[2] state an agency must require, as a condition of eligibility, each individual (including children) requesting Medicaid services to furnish his or her social security number (SSN). The state cannot deny or delay services to an otherwise eligible applicant pending issuance or verification of the individual's SSN by the federal Social Security Administration (SSA). State and federal regulations[3] require redetermination of a recipient's Medicaid eligibility at least every 12 months. Recipients who do not or cannot provide SSNs when they apply for benefits must provide the SSNs before or when the annual eligibility redetermination is done.

[1] Eligibility for a limited portion of Medicaid population is determined by the department's Children's Division.
[2] 42 CFR 435.910.
[3] 42 CFR 435.916 and 13 CSR 40-2.020.

The state must verify each applicant's SSN with the SSA to ensure the SSN was issued to the applicant, and to determine whether additional SSNs were issued to the applicant.

Medicaid eligibility guidelines are broadly set under federal rules. States, upon federal approval, set eligibility criteria for various Medicaid programs. In general, any Missouri citizen is Medicaid eligible if she/he (1) is permanently and totally disabled or (2) is age 65 and meets the following criteria:

- Has net income less than $599 per month and total non-exempt assets valued under $1,000 for an individual.
- Has net income less than $829 per month and total non-exempt assets valued under $2,000 for a couple.
- Is a United States citizen or eligible legal immigrant.

These recipients receive services on a fee for service basis. Children under age 19 and their parents or caretakers are eligible for Medicaid or SCHIP depending on the percentage of a family's income related to the federal poverty level and similar citizenship criteria as noted above. These recipients may receive services on a fee for service or managed care basis depending upon where they live in the state.[4] The state can recover capitation payments made to managed care companies after a recipient dies or becomes ineligible for benefits.

Annual eligibility redeterminations were not performed

FSD caseworkers are not performing annual eligibility redeterminations as required by federal and state regulations. As of June 30, 2003, the FSD had not redetermined eligibility within a year or more for 383,004 of 934,453 recipients (41 percent). Table 1.1 shows a breakdown of the time since the last eligibility redetermination for these recipients.

Table 1.1: Eligibility Redetermination Lapsed Time

Time since last redetermination	Number of Recipients
1-2 years	233,898
2-3 years	68,602
3-4 years	36,889
4-5 years	18,648
5 years or more	24,967
Total recipients	383,004

Source: Family Support Division's computer system

In July 2002, the FSD deputy director notified caseworkers they could stop doing routine eligibility redeterminations. FSD officials said caseworkers could not keep up with their current workload given staffing available under current budget limits. Instead, these caseworkers were to use various computer-generated data matches and exception reports to identify income, resources, institutional residence and age changes for recipients that could impact eligibility and

[4] See the Medical Assistance section on www.dss.mo.gov/pr_family.htm for more detail on eligibility criteria for the various Medicaid programs and the SCHIP program.

focus on those cases. However, our analysis identified numerous weaknesses in the match and report processes:[5]

- An exception report for caseworkers listing recipients who did not furnish SSNs or furnished invalid SSNs was inadvertently discontinued by a computer program change.
- Matches with state Department of Labor and Industrial Relations' wage and unemployment records were discontinued in July 2000.
- Death record matches used incomplete data.
- Caseworkers did not receive some exception reports timely or at all.
- Caseworkers did not review cases listed on exception reports.
- A system edit was stopped in 2000 which resulted in failure to identify some recipients' eligibility start dates preceded their birth dates.

As of June 30, 2003, 52 percent (12,600 of 24,181) of recipients whose eligibility is determined by the Children's Division did not have an eligibility redetermination date reported in the division's computer system for at least a year. A division program specialist explained subsidy case specialists are responsible for performing the annual eligibility redeterminations on adoption and legal guardianship subsidy cases; however, the division does not require the Children's Division caseworker to obtain information from the annual redetermination for entry into the division's computer system. Therefore, there is no assurance eligibility redeterminations are being done as required by federal regulations.

Recipients losing food stamp assistance may no longer be Medicaid eligible

Audit tests on food stamp cases closed during fiscal year 2003 indicated 9 of 35 recipients (26 percent) had active Medicaid cases which should have closed at the time the food stamp cases closed.[6] The Medicaid cases should have closed because the recipient had either (1) moved out of state, (2) the caseworker was unable to locate the person or (3) the recipient's income or resources exceeded Medicaid limits. These recipients received medical care and had claims of approximately $19,000 after they should have lost their eligibility. Eligibility criteria for the food stamp and Medicaid programs differ; however, changes that result in closing a food stamp case increase the risk the recipient's Medicaid case may also need to close. Federal regulation[7] requires recertification of eligibility for most food stamp recipients every 6 months.

FSD caseworkers said they do not always update the Medicaid case information when reviewing food stamp eligibility because the Medicaid eligibility redetermination forms are cumbersome and take too much time. In addition, there are situations where a recipient will have different Medicaid and food stamp caseworkers. A Medicaid program specialist said there are no procedures for communication between these caseworkers regarding changes in pertinent case information.

[5] See Appendix II, page 17, for detail on the matches and data inquiries done for the program.
[6] Our analysis identified 14,444 Medicaid recipients at June 30, 2003 whose food stamp case closed during fiscal year 2003 and the reason for the food stamp closing could have affected their Medicaid eligibility.
[7] 7 CFR 273.10.

Weaknesses in obtaining valid social security numbers for recipients

Caseworkers are not obtaining valid SSNs on all applicable recipients. Federal regulations require a SSN to be furnished as a condition of eligibility for most Medicaid recipients.[8] As of June 30, 2003, the divisions' computer systems listed 44,753 active Medicaid recipients (5 percent of approximately 949,000 recipients) who did not have a SSN or had an invalid SSN. About 95 percent of these recipients were age 18 or less. Since federal regulations say states cannot deny or delay benefits to an eligible applicant pending issuance or verification of a SSN, it is expected some recipients would not have SSNs for a short period of time. However, approximately 67 percent (29,820 of 44,753) of these recipients' cases had been open for at least a year.

There is a risk recipients who do not have a SSN or have an invalid SSN are ineligible for Medicaid benefits. Table 1.2 indicates the breakdown of the recipients without SSNs or invalid SSNs by program and division responsible for managing the recipients' eligibility:

Table 1.2: No or Invalid Social Security Number Breakdown

Program	Division	Recipients without SSN	Recipients with an Invalid SSN	Total Recipients
Medicaid	Family Support	36,275	1,024	37,299
	Children's Division	1,592	45	1,637
SCHIP	Family Support	5,615	202	5,817
Totals		43,482	1,271	44,753

Source: Family Support Division and Children's Division computer systems

In addition, as of June 30, 2003, the FSD's computer system indicated 10,236 recipients'[9] SSNs were not verified by the SSA as required by federal regulations.[10] For the SSA to verify a SSN, 5 fields must match: first name, last name, middle name, date of birth, and sex. Errors could result from intentional or unintentional misreporting by the recipient, and data entry mistakes. SSN verification problems increase the risk these recipients may be ineligible for benefits.

Our test of 60 recipients without SSNs disclosed caseworkers failed to enter the reported SSN in the computer system for 42 (70 percent) of the recipients. A separate review of 21 recipients with invalid SSNs noted caseworkers made input errors for 10 (nearly 50 percent) of the SSNs in the system.[11] Also, we identified 10 recipients who apparently provided fake SSN cards to

[8] Recipients enrolled in Medical Assistance based on Section 1619 (a) and (b) of the Social Security act, newborns under age 1 with a special level of care, the Blind Pension program, and state General Relief program, are not required to furnish SSNs as a requirement of eligibility. At June 30, 2003, nearly 9,600 recipients were in these programs.

[9] Exceeds the 1,271 our analysis identified because our match using the Texas State Auditor's office software was limited to whether a recipient's SSN was valid based on the SSA's numbering criteria and when the SSN was issued compared to the recipient's reported birth date. The department's SSA match will determine whether the SSN was issued to the person reporting the SSN using the criteria noted above.

[10] 42 CFR 435.910.

[11] The test of recipients with invalid SSNs included 29 recipients; however, inadequate documentation in the case file for 8 recipients did not allow fault to be determined.

support their reported SSN. We turned information on these 10 recipients over to the department's Welfare Investigation unit in February 2004.

FSD caseworkers said they often approve recipients for Medicaid with an agreement to provide their SSN within 10 days. However, they said these agreements are informal and not tracked. A Children's Division program specialist said there are no formal policies and no priority for the division's caseworkers to obtain or verify SSNs for children in the division's system. Also, the division has no policies for caseworkers to process claims for recovery of costs when recipients are determined to have been ineligible for benefits.

No management tools to track cases with SSN problems

A monthly exception report designed for caseworkers to identify recipients who are missing a SSN in the system or those whose SSNs came back unverified by the SSA was inadvertently discontinued by a programming change made to the FSD computer system. The last known date it was run was February 2001. FSD officials did not know the report had been discontinued until we brought it to their attention. This report would have identified the 41,890 recipients without a SSN and the 10,236 recipients which were unverified by the SSA whose eligibility is determined by the FSD.

SSNs not requested from the Social Security Administration

FSD caseworkers were not following up with the SSA to obtain a SSN for applicants or recipients when they claimed they could not remember it. According to federal regulations,[12] if an individual has previously been issued a SSN but they cannot recall it, the department must request the SSA to furnish the number. FSD officials said they thought this regulation was amended in 1992 because of changes implemented by the SSA, and believed they could no longer request an individual's SSN from the SSA. However, a federal official from the Health and Human Services - Centers for Medicare and Medicaid Services, the federal agency responsible for the regulation, told us this rule has not been changed. A SSA official confirmed a process is still in place for states to obtain SSN information on recipients. Consequently, caseworkers could have and should have asked the SSA for the recipient's SSN.

Recipients exceeded the age limit

Nearly $1.3 million in services to age ineligible recipients

Procedures to close cases with age ineligible children are not effective. Children reaching age 19 are normally no longer Medicaid eligible. As of July 2003, we identified 2,510 recipients age 19 or older for whom $1,278,779 in Medicaid payments were made after they became ineligible. Caseworkers receive a monthly report,[13] which includes

[12] 42 CFR 435.910.

[13] This age exception report documents FSD Medicaid recipients age 1, 6 and 19 who may no longer be eligible for the Medicaid program category they are included under. Children age 1 and 6 will likely remain eligible under a different Medicaid program category, while children age 19 will likely no longer be Medicaid eligible.

recipients who are 19 years old or older, to use for reviewing eligibility.[14] Caseworkers we contacted at four FSD local offices said they had no time to review the reports because they had too many cases to manage. In addition, clerical staff responsible for distributing the reports in the larger local offices (ie. Jackson County, St. Louis County, and city of St. Louis) said caseworkers did not receive the reports in a timely manner due to a lack of report distribution coordination. For example, the December 2003 report was received by the FSD central office's mailroom for distribution on December 31, 2003. However, as of January 27, 2004, at least one caseworker said she still had not received the report.

To compensate for cases not being closed timely, the Division of Medical Services (DMS) monthly reviews and cancels the managed care enrollment for children prior to their 19th birthday which places them in the fee for service system. However, our review of the July 2003 age exception report prepared for FSD caseworkers indicated 732 of the 2,510 recipients (29 percent) on the report age 19 or older were still in managed care. DMS staff could not explain why these recipients were still in the managed care system and could not research the problem because the monthly reports used to determine which recipients to remove from the managed care system were not retained. Our review indicated the problem could partially result from the DMS exception report not being cumulative. Only children turning 19 in the next month are listed in each monthly report. If recipients are overlooked or missed on a report, they will not be listed on subsequent reports.

Although the caseworkers we spoke to indicated they did not have the time necessary to review the age exception reports, a computer system change in August 2003 resulted in many of these cases being reviewed. In August 2003, a new indicator was added to the age exception report which caused recipients who were not properly coded as a parent to be identified as a child age 19 or older. Caseworkers were instructed to review these cases and correct the parent coding. Due to this additional review by caseworkers, many of the age 19 and older recipients on the age exception report were reviewed and closed. By November 2003, 70 percent of the July exception cases had been closed. However, the November exception report, which reported 3,057 recipients age 19 or older, still listed 128 recipients at least 1 year older than age 19.

Some deceased recipients are not being identified

The FSD's procedures to identify recipients who have died are not as effective as possible. Our analysis identified 1,112 active recipients the division's death match analysis had not identified. Medicaid payments totaling at least $144,000 were made for these recipients after their death. Weaknesses identified in the division's review process include:

- Failure to match recipients against historic death records.
- Using match criteria that allows deceased recipients to go undetected.
- Failure to always use available online inquiry systems.

[14] A parent(s) or caretaker(s) may be covered for medical assistance if a child under the age of 19 is active on the case. However, if the child turns 19 and they are the only child in the household, the entire family would become ineligible for benefits.

Currently a monthly match is performed with Department of Health and Senior Services – Bureau of Vital Statistics (DHSS) records of individuals who died in Missouri in the previous month. This procedure does not detect if an individual applies for assistance and reports a relative (i.e. child) who died prior to the month being tested because any death prior to the previous month is not included in the match.

The division's match requires an exact match of four fields[15] for the recipient to be considered deceased. If the recipient is the only member on the case, the case will be automatically closed by the FSD's computer system. If the recipient is part of a case with other recipients, a report is sent to the recipient's caseworker to close the recipient and evaluate eligibility for others on the case. Other analysis using less strict criteria would allow caseworkers to identify recipients whose names have misspellings or other data entry errors in the division's or DHSS's computer data. While these cases should not be automatically closed, they could be added to the other cases which are already supposed to be reviewed under the division's current procedures.

By obtaining historic death data from the DHSS and using other criteria, we identified additional recipients who were active on Medicaid cases who were deceased. Those criteria used various combinations of recipient data (1) first name, (2) middle name, (3) last name, (4) date of birth, and (5) SSN to match against historical state death records. For example some matches resulted from matching the first, last, and middle name and the date of birth and others resulted from matching date of birth and SSN. The criteria also allowed for name spelling errors.

Caseworkers did not regularly use DHSS or SSA online inquiry systems at initial application for benefits or during a case follow-up to identify potential deceased recipients. FSD officials said the caseworkers are expected to use the SSA inquiry to verify SSA benefit information at time of application, but there is no requirement to use this inquiry for death information. To evaluate if the inquiry would be useful to identify applicants or recipients who may be deceased, we tested 23 recipients we identified in our matches and located death information on 15 of them in the SSA system.[16] Caseworkers told us they knew about an on-line inquiry to DHSS death data, but this inquiry required them to know the recipient was deceased and the month and year of the death. Another DHSS on-line death data inquiry only requires the caseworkers to know the SSN of the recipient; however, many of the caseworkers we spoke with were not aware of this inquiry.

Unnecessary costs not recouped on some cases

While reviewing system data for some of the deceased recipients determined by our analysis, we identified approximately $55,000 in unnecessary capitation payments that had not been recouped for 16 managed care recipients. These cases had been reported to recipients' caseworkers to update the case status. Caseworkers cannot backdate a recipient's end eligibility date to his or her date of death. They can only enter the date the death was identified. The DMS has procedures to match Medicaid recipients who have case changes to historical DHSS death records to identify potential capitation payments

[15] The four fields used by the department for its death match are: SSN, the first four characters of the last name, the first character of the first name, and the recipient's date of birth.
[16] The system will only report the death of people receiving SSA benefits.

that should be recouped. Fourteen of these 16 recipients had no SSN in the divisions' computer systems and thus could not be matched in the DMS procedure. The other two did not have a SSN in the DHSS death records and likewise could not have been matched. Recoupment of capitation payments on deceased recipients identified by caseworkers outside of the normal FSD death match process may not occur due to such data and match limitations. Caseworker system manuals did not provide specific instructions on procedures to follow for such identified deaths to ensure unnecessary payments could be recovered.

Children removed from their home may affect eligibility

Cases where children are active on Medicaid simultaneously in the FSD and the Children's Division are not being appropriately monitored. At June 30, 2003, there were 1,082 recipients who had active Medicaid cases in the FSD and Children's Division systems. Caseworkers receive daily alerts when a child is removed from the home of a Medicaid family and into the custody of the Children's Division. A monthly report of these cases is also made available to caseworkers; however, it only reports children for the month an alert was sent. The report is not cumulative as FSD officials had thought.

When a child is removed from a family's home, the Medicaid eligibility of that family as well as other types of assistance, including Temporary Assistance for Needy Families (cash assistance) may be affected. A Medicaid case is immediately opened under the administration of the Children's Division at the time the division takes custody and each case in both divisions may remain open up to 60 days.[17] The FSD's computer systems do not indicate which cases may be open up to 60 days. As a result, unless the caseworker is separately tracking these cases, necessary case closing may not occur. Examples of two cases where the Children's Division removed the children from the home and we identified eligibility errors follow:

- Three children in the family home were removed and the only adult on the case was kept active on Medicaid. The children were removed in March 2003 and as of our review in October 2003, the children were still out of the home. Therefore, the adult on this case should have lost her Medicaid eligibility but did not. The state paid $2,014 in claims during the time the adult was ineligible.

- Four children who were active on Medicaid were removed from their mother in December 1999 and placed with their grandparents. The grandparents were awarded legal custody in March 2002 and began receiving guardianship payments through the Children's Division. However, the grandparents were already receiving cash assistance on a FSD established case at the time of the original placement of the children. Both types of cash payments should not have been received. This error resulted in the state overpaying $12,622 from March 2002 through November 2003.

[17] If there is a plan to return the child back to the home within 60 days, it will be agreed upon during a meeting that caseworkers from the FSD and Children's Division will attend. Such a plan will allow a family's FSD Medicaid case to remain open.

Matches of recipients to wages and unemployment compensation payments were not done

Ongoing verification not done since July 2000

The matches with the Division of Employment Security[18] to verify wages and unemployment compensation on active Medicaid recipients were stopped in July 2000. FSD officials were unaware the matches had stopped until we brought it to their attention in September 2003. A program specialist determined these matches were stopped by the department's food stamp unit because unit officials believed a different inquiry provided the same results. However, this other inquiry is performed only during the initial application approval process and possibly during follow-up reviews on the case. A recipient's unreported job or wage changes would likely be missed by caseworkers without these matches. Federal regulations[19] require the department to verify (1) wages during the application period and at least on a quarterly basis and (2) unemployment compensation from the time the recipient reports their loss of employment and for at least the 3 subsequent months or until the benefits are exhausted. As of January 2004, these matches have not been restarted.

Some local offices are not using their management reports

Twenty of 115 local offices (17 percent) did not access and print all exception reports which are used by caseworkers for management of their Medicaid cases. FSD central office provides caseworkers and supervisors with both hard copy reports sent through the mail and electronic reports which are to be printed out by local office clerical staff. A log is not maintained to indicate what reports were sent to each office, when they were sent, and if they were accessed. A system file of the recent electronic reports sent in the past few days is all that is maintained and information system staff stated this file is not monitored by any personnel to determine if reports are accessed.

We selected a time period to review the system to determine if the local offices were accessing the electronic reports. We noted the St. Louis County office had many significant reports which were not being printed. For the period reviewed, the office[20] did not print 67 of the 70 electronic reports sent. These unprinted management reports included (1) reports indicating children who have been removed from the family home, and (2) alerts regarding children reaching the various age criteria which need review. The office supervisor only had staff access and print certain reports.

An internal computer system edit check was not working properly

We identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. This problem resulted in unnecessary costs of at least $35,000.

A system edit is supposed to ensure Medicaid eligibility is not started before the recipient's birth date; however, starting in March 2000, this edit was not being applied to newborns being added

[18] Part of the Department of Labor and Industrial Relations.
[19] 42 CFR 435.948.
[20] As of June 30, 2003, 11 percent of the Medicaid recipients were from St. Louis County.

to the mother's case. A backup control in the DMS' Medicaid information system blocks claims before a recipient's birth date, but it is only applied on fee for service recipients. Forty-seven of the 111 recipients identified were in the managed care system where the edit is not applied. Six of the recipients had an eligibility start date of exactly a year before their birth date and the rest had start dates 6 months or less before their birth date. The state paid up to an extra full year of managed care capitation payments at the approximately $500 per month[21] newborn rate resulting in the unnecessary costs. As of January 2004, the division's system programmers were working on this edit error.

Conclusions

Weak controls have allowed recipients to remain eligible for benefits when they may not be. Both the FSD and the Children's Division management are not complying with federal SSN requirements for Medicaid eligibility. The Children's Division has no procedures to process recoupments on cases. Strengthened controls in both divisions will save the state money and increase the assurance only eligible recipients receive Medicaid benefits.

Recommendations

We recommend the Director, Department of Social Services:

1.1 Ensure case redeterminations are performed in accordance with federal regulation. If staffing limits compliance with these requirements, procedures should be established to ensure cases with the most risk for potential ineligibility are reviewed timely. Those cases would include recipients:

- Determined to be ineligible for food stamps or other assistance programs.
- Where the division's computer system reports invalid or no SSN.
- Reaching age eligibility limits.
- Who are dually eligible under a separate Children's Division case.
- Noted on exception reports provided to the local offices.

Funds should be recouped as applicable on these cases.

1.2 Ensure policies established for caseworkers to use relevant information obtained during other assistance eligibility redeterminations to evaluate a recipient's continued Medicaid eligibility are complete. Establish monitoring procedures to ensure those policies are complied with.

1.3 Review the available options to obtain recipient SSNs from the SSA.

1.4 Establish procedures to ensure exception reports, interagency matches and computer system edits are functioning as intended. Restart the SSN exception report and the wage and unemployment matches with the Division of Employment Security. Correct the edit

[21] A newborn capitation rate of approximately $500 a month is charged for recipients under age 1. When the child turns 1, this rate decreases to approximately $85 a month.

which ensures a Medicaid recipient's eligibility cannot precede his or her birth date. Adjust the children taken from the home report so the output is cumulative with cases from previous periods continuing to be reported until closed or resolved.

1.5 Revise procedures used to match Medicaid recipients to DHSS records to include a history of prior and current month death records. In addition, allow the match criteria to be more flexible to identify more possible matches of deceased recipients. Establish procedures for caseworkers to follow when a recipient's death is identified outside the normal FSD death match process to ensure unnecessary costs are recovered.

1.6 Ensure caseworkers are aware of and use all available inquiries which provide death information to assist in determining an applicant's initial and continued eligibility.

1.7 Establish procedures to ensure the management reports being sent to the caseworkers and/or supervisors are being timely accessed and used.

1.8 Establish policies to require Children's Division caseworkers to obtain redetermination information from subsidy specialist to ensure annual reviews are being completed as federally required. The information obtained should be used to update the system.

1.9 Establish procedures to obtain SSNs for all Children's Division recipients and submit those SSNs to the SSA for verification as federally required.

1.10 Establish policies to ensure costs are recovered on applicable cases when a Children's Division recipient is determined to be ineligible.

Department of Social Services Comments

1.1 Income Maintenance Caseworkers responsible for Medicaid eligibility determinations are staffed at 46% of need, according to statutorily-mandated caseload standards. This is why in July 2002, we did what the audit now suggests. We advised staff to direct their limited time to cases that had higher potential for changes to their eligibility. (The audit references this memo on page 3.) Through the Governor's Program Integrity Initiative in his budget proposal, we are also planning to strengthen this process by automating the connection between Food Stamp recertifications and corresponding Medicaid cases, and making changes to the system to make wage match data more meaningful to caseworkers.

To do routine annual redeterminations on the remaining Medicaid cases (those without a corresponding Food Stamp case) would require additional staff. A fiscal note for this provision in a recent legislative proposal was estimated at approximately $14 million annually.

1.2 It is our current policy to use relevant information from other assistance eligibility redeterminations in evaluating continuing Medicaid eligibility, as such ex parte determinations are a federal program requirement. Through the Governor's Program Integrity Initiative in his budget proposal, we will strengthen the current process by

automating the connection between Food Stamp recertifications and corresponding Medicaid cases.

1.3 *Eligibility is based on resource and asset levels, not on receipt of SSNs. While the audit correctly points out that federal regulations require Medicaid recipients to furnish their SSN, those same regulations do not allow the state to delay approval of Medicaid benefits pending the issuance of the SSN. We do not believe the receipt of SSNs would result in any material savings.*

Children account for 95% of the recipients for whom the SSN has not been reported in our system. The primary reason FSD does not have these SSNs is the allocation of our scarce resources. If staff had the time or resources to follow up, parents would likely provide the SSNs. The purpose of obtaining the SSN is to allow FSD to obtain income and asset information from other systems. While this is more important for adults, it is unlikely that having the child's SSN would result in our receiving information that would cause ineligibility.

The audit continues to erroneously state on page 6 that we believed federal regulations regarding SSNs changed in 1992, when they did not. What we have actually reported to audit staff and provided documentation to audit staff was that in 1992, SSA implemented a change to our process that prohibited us from assisting clients with applying for numbers or replacement numbers, with automatic feedback of that number to our system. This change was pointed out to indicate that when SSA took away this important tool, it became more difficult to ensure that SSNs were recorded in our system.

1.4 *The reports identified as discontinued have been restarted, and the edits have been or are being corrected.*

1.5 *We will explore revising the match of Medicaid recipients to DHSS death records to include records other than the current month.*

Making the death match criteria more flexible may result in incorrect closing of cases. Thus, doing so would result in more exception reports for workers to review. We will review our current match criteria to ensure we have the right balance on this issue.

1.6 *We will ensure that workers are aware of all available death inquiries; however, we believe death matches are the most efficient way to deal with needed case closings due to death. It would be inefficient for staff to check death inquiry screens on every case, on the chance that a client has died.*

1.7 *We will discuss this recommendation with our local managers. We believe there may again be diminishing returns to focusing time and attention on monitoring the access and use of these reports. With further development of automated systems, we will provide such information to field staff in a more useful format, utilizing technology and system alerts. This will also provide a mechanism for supervisory and management follow-up that is not available in the current system.*

1.8 On an annual basis, the Children's Division Adoption Specialists review the adoption subsidy agreement with the family and update any changes needed in the subsidy file and in the subsidy contract system. In many contracts/agreements, no changes are made and eligibility continues. The information, including the Medicaid eligibility is captured in the family's case file. However, the Children's Division will review its automated system to determine if it's federally required to capture this information in its computer system.

1.9 The Children's Division currently has policy requiring staff to obtain social security numbers; a memo will be sent to staff to remind them of this policy. However, lack of an SSN does not mean that they are not eligible for Health Care Coverage.

1.10 As previously stated, the Children's Division is already working with the Division of Medical Services to recover inappropriate payments made to the Managed Care organizations as individual cases are identified.

Auditor's Comment

1.3 Missing or invalid SSNs in the department's computer systems also impact the identification of recipients who have moved out of the state or who have died. Obtaining valid SSNs for all recipients (including children) is an important step in ensuring only eligible individuals receive Medicaid services.

In fall 2003, FSD officials made the comments we report on page 6. This 1992 SSA procedural change did not affect the federal regulation. Another SSA procedure still exists for states to obtain a recipient's SSN from the SSA.

APPENDIX I

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of this audit were to evaluate (1) the controls used to determine Medicaid eligibility and (2) the potential unnecessary Medicaid program costs due to recipients being incorrectly determined eligible for benefits, or remaining eligible because staff did not conduct required reviews of eligibility timely.

Scope and Methodology

Auditors conducted fieldwork during July 2003 through February 2004. Auditors performed the following procedures:

- Reviewed federal and state regulations regarding Medicaid eligibility.

- Discussed federal Medicaid eligibility regulations with officials from the federal Department of Health and Human Services - Centers for Medicare and Medicaid Services.

- Interviewed staff from local Family Support Division (FSD) and Children's Division offices and central office management officials from those divisions regarding policies and procedures used to determine and redetermine Medicaid eligibility.

- Tested selected controls used to determine Medicaid eligibility.

- Obtained computer data of all Medicaid recipients at June 30, 2003, and 2002 from the FSD and the Children's Division. Validation of the data indicated some record information could not be relied on, but the majority of the data for these records was accurate. Selected data elements that were not considered reliable were excluded from consideration in our analysis. The June 30, 2003, data was matched with software obtained from the Texas State Auditor's office to identify recipients with invalid social security numbers. The data underlying the software was obtained from current and historical Social Security Administration records. The software checks for certain conditions including number format and date of issue, but does not validate that an entered social security number corresponds to a particular individual. Additional analysis was done to identify recipients who could no longer be eligible due to age, death, or failure to report a social security number to the state.

- Contacted caseworkers to discuss the eligibility status for various test samples of the identified potentially ineligible recipients.

- Obtained medical claims data from the Division of Medical Services for recipients identified as being potentially ineligible for Medicaid benefits.

- Interviewed Medicaid program officials from four states (Arkansas, Georgia, Iowa and Texas) to determine Medicaid eligibility determination and redetermination procedures in those states.

Recipients whose continued eligibility appeared to be questionable were reported to department officials so the case could be reviewed.

APPENDIX II

MEDICAID ELIGIBILITY MATCHES AND INQUIRIES

Table II.1 lists the data source, match purpose and frequency for various matches against federal and state databases to evaluate a person's eligibility upon initial application and eligibility redetermination. Table II.2 lists the source and data inquiries used by caseworkers to evaluate eligibility.

Table II.1: Medicaid Eligibility Matches

Source	Match	Frequency
	Federal	
Social Security Administration	Social security number verification	Quarterly
	Beneficiary social security retirement and disability information	Monthly
	Supplemental security income (SSI)	Monthly
Internal Revenue Service	Income verification	Annually
DHHS - Administration for Children and Families	Public Assistant Recipient Information System (PARIS) - an interstate recipient match program	Quarterly
	Missouri	
Department of Health and Senior Services	Death records	Monthly
Family Support Division	Child support payments	Monthly
State Lottery	Lottery winnings	Monthly
Department of Corrections	Imprisoned persons	Quarterly
DLIR - Division of Employment Security	Unemployment compensation Wages	Daily[1] Quarterly[1]

[1] As discussed on page 10, these matches have not been performed since 2000 due to management oversight.
Source: Family Support Division records

Table II.2: Medicaid Eligibility Inquiries

Source	Inquiry
Federal	
Social Security Administration	Third party query – Allows inquiries on social security income, supplemental security income, and Medicare benefits
Immigration and Naturalization Service	Systematic alien verification for entitlements
Missouri	
Missouri Automated Child Support System	Child support payments
DLIR - Division of Employment Security	Income verification and unemployment compensation
Department of Health and Senior Services	Birth records inquiry Death records inquiry
Non-Governmental Source	
The Work Number (TALX Corporation)	Employment and income verification

Source: Family Support Division records