

EXECUTIVE SUMMARY



Oklahoma Health Care Authority Medicaid Eligibility Fiscal Year 2019

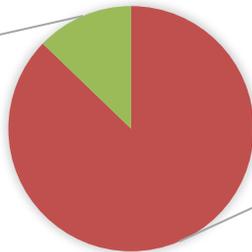
PROGRAM IMPACT & ENGAGEMENT BACKGROUND

Medicaid is a jointly funded federal-state program that provides health care coverage and services to eligible low-income individuals and families with children.

As of June 30, 2019, approximately 1 million Oklahomans were enrolled in the Medicaid program (25% of our population) and received \$4.7 billion in services. Medicaid is Oklahoma's largest state appropriated program, and its cost is growing annually.

STATE FISCAL YEAR 2019 APPROPRIATIONS \$7.5 BILLION

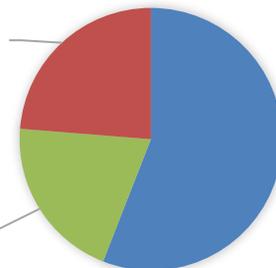
Total OHCA
Appropriations,
\$1.1 billion, 13%



Total Other State
Agency
Appropriations,
\$7.5 billion, 87%

OHCA FUNDING FOR STATE FISCAL YEAR 2019

Total SFY 19 OHCA
Other Funding
\$1.4 billion, 24%



Total SFY 19 OHCA
Federal Funding,
\$3.3 billion, 57%

Total SFY 19
OHCA State
Appropriations,
\$1.1 billion, 19%

In response to the Governor’s request, this audit was performed to assess whether Oklahoma Health Care Authority (OHCA), the agency that administers Medicaid in Oklahoma, has sufficient controls in place to ensure that only eligible individuals were enrolled in the Medicaid program and those individuals were enrolled and disenrolled in a timely manner, in accordance with laws and regulations, in state fiscal year 2019.

The populations tested included:

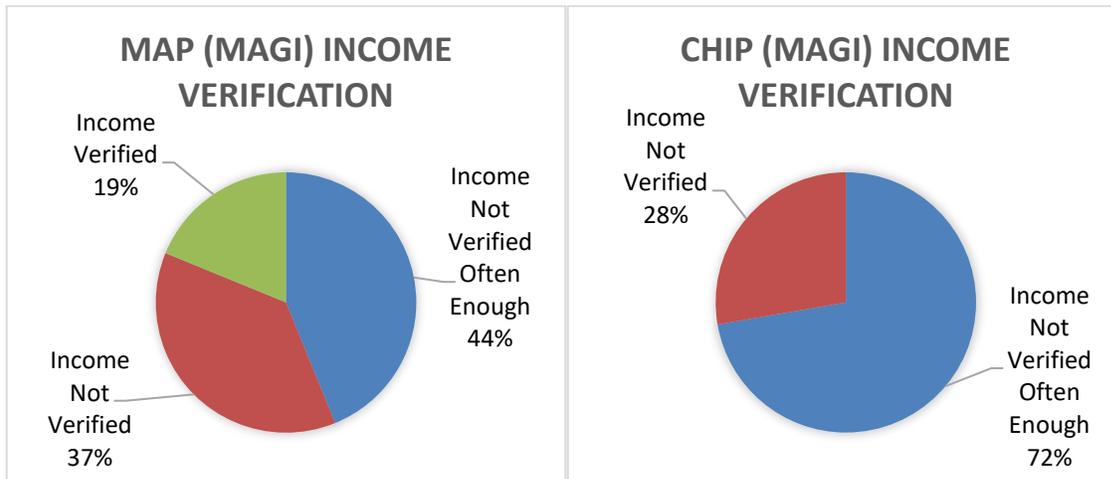
Population	Total Recipients	Total Claims Value	Sample Size Tested
MAP MAGI recipients (OHCA)	733,196	\$2,004,473,535	184
MAP Non-MAGI recipients (OKDHS)	182,647	\$2,306,734,463	184
CHIP MAGI recipients (OHCA)	211,921	\$348,620,899	184
CHIP TEFRA recipients (OHCA/OKDHS) <i>Included in the CHIP populations on the next page.</i>	140	\$1,839,691	7

We tested the maximum sample for the population size in accordance with Generally Accepted Auditing Standards.

WHAT WE FOUND

The findings noted throughout the report are related to key factors in the eligibility determination process and the weaknesses detailed have allowed ineligible individuals to receive benefits.

Limited electronic data, along with inadequate income support, were the primary deficiencies noted specifically in the MAGI population. The following charts represent the percent of claims paid where income was verified, not verified often enough, or not verified at all:



The control deficiency of not verifying income as required resulted in noncompliance in both the MAP and CHIP MAGI populations and deviations in the CHIP population. Details include:

- **Oklahoma Employees Security Commission (OESC) is the only source of electronic wage data used to verify income.** Additional data sources are available through the Federal Data Services Hub (Hub) for verifying individuals' information. The Hub contains additional data such as IRS information.
- **Electronic wage data from OESC is not being used to verify income as frequently as required.** An estimated 44% of the MAP and 72% of CHIP claims may have paid on behalf of recipients whose income was not checked as often as it should have been.
 - **As a result, a projected \$29.7 million in CHIP claims were paid on behalf of ineligible recipients.**
- **Income is not verified for an estimated 37% of the MAP and 28% of the CHIP claims paid on behalf of the follow categories individuals:**
 - self-employed, work out of state, work for the federal government, or claim zero income, which accounted for approximately 21% of the MAP and 14% of the CHIP claims paid.
 - those receiving pregnancy-related services, which accounted for approximately 11% of the MAP and 2% of the CHIP claims paid.
 - some non-applicants or their spouses who do not provide their Social Security Numbers or other identifying information when applying for benefits for their dependents; therefore, income could not be verified through the data exchange. This accounts for approximately 5% of the MAP and 12% of the CHIP claims paid.

The control deficiency and noncompliance noted for the MAP Non-MAGI population include:

- **IRS restrictions on SSA data:** Social Security benefits, with the exception of Supplemental Security Income (SSI), are considered income, and therefore fall under the IRS Code 26 USC 6103 - Confidentiality Disclosure of Returns and Return Information. In addition, the Computer Matching and Privacy Protection Act Agreement (CMPPS) states that “State Agencies will not use or redisclose the data disclosed by SSA for any purpose other than to determine eligibility, for or the amount of, benefits under the state-administered income/health maintenance programs.” **Due to our inability to view this critical piece of financial data from an independent source, we had to rely on information maintained in case files in determining eligibility.**
- **Data exchanges with other entities are not consistently run at the required frequency, and discrepancies noted through data exchanges are not always resolved within the required 45-day timeframe. This could result in ineligible recipients not being identified before claims are paid.**
- **Additional issues were identified related to case file completeness, verification procedures, and compliance with pertinent laws and regulations.** Inconsistent and incomplete case notes caused us some difficulty in determining eligibility. In addition, recipients can have multiple case files if they receive benefits from other federal assistance programs (companion cases). In some instances, the recipient’s information, such as applications and renewal notices, was placed in the incorrect case file.

Figures were calculated using statistical sampling and projection methodology under expert guidance; details are included in the report.

SOLUTIONS

As the State’s Administrator of Medicaid funds, OHCA is required to spend program funds as directed by federal and state laws and regulations. With expenditures growing, OHCA should take the necessary steps to ensure benefits are only being provided to eligible individuals.

Recommendations for OHCA are detailed in the report and include the following:

- Review the current controls in place in the eligibility system and update relevant processes, including these steps:
 - Design and implement more aggressive procedures to verify eligibility prior to certifying an applicant as eligible for the program.
 - Take steps to mitigate the risk of payments to ineligible recipients by expanding types of electronic wage verification systems. Currently, only data from the OESC is being utilized. The data from OESC is limited to approximately 48% of the OHCA applicant population,

while leaving approximately 36% of the applicants to self-attestation without any other verification.

One option is to utilize the Federal Data Services Hub (Hub). The Hub is a tool built by the Internal Revenue Service (IRS) and Health and Human Services (HHS). It combines data on income and employment from IRS records, health and entitlements from HHS records, identity from Social Security, citizenship from Department of Homeland Security records, criminality from Department of Justice records, residency from state records, and other sources. This system will provide timely, accurate information for wage verification of applicants.

- Incorporate additional steps for eligibility verification rather than just the minimum required by CMS. While CMS sets minimum requirements for determining eligibility, there is no federal restriction to prevent OHCA from designing internal controls and processes that will further ensure payments are made only for eligible recipients. These should include:
 - documented income verification (using all appropriate sources) and collection of personally identifying information for all required applicants,
 - timely wage data verification, and
 - updating the MMIS system to verify wage information received from OESC on a quarterly basis to determine continued eligibility of individuals.
- Fully implement the HOPE Act which was passed by the Oklahoma Legislature and became effective on November 1, 2017.
- Ensure the required conditions of eligibility are met in order to comply with 42 CFR § 435, OAC 317:35, and the State Plan.
- Collaborate with OKDHS, provide additional staff training, and update the Service Agreement, policies, and procedures as necessary, to comply with 42 CFR § 431.10(c)(2) and 42 CFR § 431.10(c)(3)(ii). These efforts should ensure:
 - data exchanges with other entities are performed at the required frequency,
 - discrepancies are cleared in a timely manner,
 - required case documentation is retained, and
 - timely notifications of eligibility decisions are provided as required.

Additional requests from the Governor that would strengthen the audit process:

- Request that the Internal Revenue Service allow auditors access to income information and other independent sources of information (e.g. the Hub) so that such information can be utilized when redetermining eligibility.

See full report at <https://www.sai.ok.gov>