Performance Audit Report

Department of Health and Mental Hygiene
Department of Human Resources

Medical Assistance Program

Using the Federal Death Master File to Detect and Prevent Medicaid Payments Attributable to Deceased Individuals

The Death Master File Should Be Periodically Matched to the Medicaid Eligibility Files with the Results Being Compared to Payment Files to Help Detect and Prevent Improper Payments

December 2011

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Karl S. Aro
Executive Director

Bruce A. Myers, CPA
Legislative Auditor

December 2, 2011

Delegate Guy J. Guzzone, Co-Chair, Joint Audit Committee
Senator James C. Rosapepe, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland

Ladies and Gentlemen:

We conducted a performance audit to determine if the Social Security Administration's Death Master File (DMF) would be an effective and efficient tool to detect and prevent Medicaid payments attributable to individuals after their dates of death. Both the Department of Human Resources (DHR), which determines most individuals' eligibility for the Medicaid Program, and the Department of Health and Mental Hygiene (DHMH), which administers the Program and makes disbursements, have responsibility for preventing improper payments.

Our audit disclosed that performing periodic computerized matches of the Medicaid eligibility file to the DMF appears to be a practical and cost-effective tool to help detect and prevent certain improper Medicaid payments. Although DHMH performs certain matches of Medicaid files against the Maryland Vital Statistics Administration death database, such matches only include individuals who die in Maryland, whereas the DMF contains nationwide death data. Since SSA acknowledges that the DMF contains inaccuracies, the results of any match with the DMF need to be evaluated to ensure identified individuals are, in fact, deceased.

We matched the DMF to the DHMH file of Medicaid-eligible persons and subsequently determined if any payments were made attributable to matched persons after their reported dates of death. These procedures disclosed payments totaling $2.5 million attributable to 323 individuals after their reported date of death. We judgmentally selected 20 of the matched individuals with such payments for further testing and determined that improper payments totaling $426,000 were made after the actual dates of death of 10 of these individuals. At the time of our review, DHMH had recovered $115,000 of these overpayments. DHMH needs to pursue these recoveries and review the remaining 303 cases. Also, additional investigation of the match results needs to be performed since the results indicate that the Medicaid eligibility file could contain certain data inaccuracies involving the names of Medicaid eligible persons, their social security numbers, and dates of birth.

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Lastly, we noted certain circumstances that occurred regarding the aforementioned ten cases that suggest other factors contributed to the failure to detect the improper payments. DHMH and DHR should evaluate these situations to determine whether system or procedural changes are necessary.

The Departments' response to this audit is included as an appendix to this report. We wish to acknowledge the cooperation extended to us by the Departments during our audit.

Respectfully submitted,

Bruce A. Myers

Bruce A. Myers, CPA
Legislative Auditor

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Background Information

Medicaid Program

The Medical Care Programs Administration (MCPA) of the Department of Health and Mental Hygiene (DHMH) operates the State's Medical Assistance Program (Medicaid). The Program operates under both Title XIX of the Federal Social Security Act and State Law and provides low-income Maryland residents with access to a broad range of health care benefits. Both State and Federal funds are used to pay for these benefits. According to MCPA records, the Medical Assistance Program serviced approximately 959,000 individuals during fiscal year 2011 through more than 48,400 health care providers.

Individuals qualify for the Medicaid Program as either categorically needy or medically needy. A categorically needy person is one who receives public assistance payments, including individuals approved by the U.S. Social Security Administration (SSA) to receive Supplemental Security Income (SSI), while a medically needy person is one who cannot meet the cost of needed medical care, but is generally self-supporting in other respects.

According to MCPA records, during fiscal year 2011, Medicaid expenditures totaled approximately $7.7 billion (at least 50 percent of which was funded by the federal government). These expenditures included approximately $3 billion in capitation payments to managed care organizations, approximately $1.1 billion in long-term care expenditures, and approximately $3.6 billion in fee-for-service expenditures.

MCPA requires most Medicaid recipients to enroll in a managed care organization (MCO). The MCOs receive a monthly capitation payment from MCPA for each enrolled recipient regardless of whether any services were provided to the recipient during any particular month. In return for the capitation payments, the MCOs are generally expected to pay the recipients' medical costs regardless of the number or nature of services provided. The MCOs contract with health care professionals and other entities (such as hospitals) to provide the necessary medical services to enrollees.

Memorandum of Understanding

Medical Assistance applicant eligibility is primarily determined by the various local departments of social services (LDSS), which are under the supervision of the Department of Human Resources (DHR). Applicants are recorded on DHR's

Client's Automated Resource and Eligibility System (CARES), and those deemed eligible for Medicaid are subsequently interfaced into the Medicaid Management Information System.

DHMH and DHR coordinate their responsibilities for Medicaid under a memorandum of understanding (MOU) that has been in effect since 1985. Under the MOU, DHR is primarily responsible for determining recipient eligibility and providing MCPA with accurate and timely eligibility data. DHMH is responsible for establishing regulations, guidelines, and procedures to be used by DHR. The Departments have been working to update the MOU based on the long-standing deficiencies in implementing and monitoring the eligibility determination processes as cited in our December 6, 2010 audit report on the Medical Care Programs Administration. As of October 24, 2011, a revised MOU had not been executed although we were advised by the Departments that they were close to finalizing an updated MOU.

Death Master File

The Death Master File (DMF) is maintained by SSA. It contains information on over 89 million decedents, such as their social security number, name, date of birth, date of death, and location of last known residence. SSA updates the DMF from reports of death received from a variety of sources, including friends and relatives of deceased individuals, funeral homes, postal authorities, financial institutions, and federal and state agencies, including state vital records directors and registrars.

SSA authorizes the use of the DMF as a death verification tool. However, SSA's policies and procedures openly acknowledge the occurrence of death reporting errors and state, "Occasionally, living individuals are erroneously included in the DMF (e.g., due to inaccurate death reports or inaccurate data input)."[1] For example, from May 2007 through April 2010, SSA erroneously added 36,657 living individuals to the DMF. Nevertheless, because these errors involve a small number of individuals relative to the total number of death entries added to the DMF (an error rate of less than one-quarter of one percent), the DMF is still widely used by many federal and state agencies and private entities to assist in detecting improper payments.

[1] SSA, POMS GN 03316.095.A, *Disclosure Without Consent to Recipients of the Death Master File (DMF) When Erroneous Death is Included on the DMF*.

Because SSA realizes it cannot guarantee the accuracy of information published in the DMF, it formally disclaims the accuracy of the DMF contents and advises DMF users that not all information contained within the DMF is verified. Accordingly, it would be prudent for DMF users to investigate and verify any deaths listed before taking an adverse action against any individual.

In August 2011 when our fieldwork was nearly concluded, the SSA issued a public notice that, effective November 1, 2011, the public DMF would no longer contain protected state death records citing a provision in the Social Security Act that prohibits SSA from disclosing state death records it receives through its contracts with the states. SSA estimated that on November 1, 2011 it will remove approximately 4.2 million records from the file of 89 million decedents and add about 1 million fewer records annually. SSA noted, however, that the law allows SSA to share all death records, including state records, with agencies that pay federally funded benefits (in Maryland, Medicaid benefits are approximately 50 percent federally funded). SSA advised that this change will not affect the Centers for Medicare and Medicaid Services and certain other federal agencies. SSA also advised that agencies may contact SSA to determine whether they may qualify under the law to get all of SSA's death records.

Scope, Objectives, and Methodology

Scope and Objective

We conducted a performance audit to evaluate whether the Social Security Administration's Death Master File (DMF) was an efficient and effective tool for detecting and preventing Medicaid payments made to service providers for deceased persons. In conducting the audit, we performed a match of the February 2011 DMF to Medical Care Programs Administration's (MCPA) file of eligible Medicaid recipients as of March 2011. We then identified inappropriate Medicaid payments made from January 1, 2008 to August 31, 2011 attributable to persons after their date of death. We also reviewed the case files for certain matched cases to identify factors that suggest system or process changes that may be needed to prevent or detect improper payments.

Our audit was performed 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.

Methodology

To accomplish our objective, we first compared MCPA's file of eligible Medicaid recipients as of March 1, 2011 to the February 2011 DMF. The match was performed using two different sets of criteria: (1) using only social security numbers and (2) using social security numbers, date of birth, and the first three characters of the last name.

The data match we performed using social security numbers contained 1,582 matches. For all of the individuals matched on social security numbers only, we obtained a file of all Medicaid payments made between January 1, 2008 and March 10, 2011 for services rendered after their reported dates of death per the DMF. The extraction of Medicaid payment information disclosed payments totaling $7.5 million attributable to 532 individuals after their reported dates of death.

The data match we performed using three data fields resulted in 1,289 matches. We then determined, using Medicaid payment information, whether any payments were made for these 1,289 individuals after their reported dates of death. The extraction of this payment information disclosed payments totaling $2.5 million attributable to 323 individuals after their reported dates of death. From the 323

individuals, we selected the 20 individuals for whom the largest amount of payments were made after their reported date of death for our detailed review. For these 20 individuals, we determined whether the DMF data were accurate and if so, using Medicaid Management Information System records, the total amount of payments attributable to them after their date of death through August 31, 2011.

To determine if dates of death in the DMF were accurate, we contacted the Department of Health and Mental Hygiene (DHMH) Vital Records Administration and reviewed electronic records of deaths and death certificates. We reviewed case files maintained by the local departments of social services to confirm identity and obtain residency information, and used the DMF to determine the states where the individuals may have resided prior to their death. We also conducted internet and telephone research to determine when and where people died and to confirm their identities. For those individuals determined to have died in other states, we contacted the vital records agencies in those states to corroborate the death information and obtain certified death certificates. During our verification of the DMF information for matched individuals, we identified trends that could be useful for improving selection and efficiency of future match reviews. We also identified circumstances of individual cases that would suggest other potential problems may exist and brought these to the attention of the Departments' managements for their investigation.

In addition, we interviewed employees of Department of Human Resources and DHMH to determine what information the Departments had gathered on the individuals and what processes were used to identify or prevent Medicaid payments attributable to the deceased individuals selected for review. Our procedural reviews were only done to the extent necessary to understand the circumstances surrounding the 20 match cases selected for review. Our audit did not include an evaluation of all routine and special procedures employed by the Departments for operating and managing the Medicaid programs; such procedures are subject to review during our regularly scheduled audits of the programs.

Our fieldwork was completed during the period from March to September 2011. The Departments' response to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise the Departments regarding the results of our review of their response.

Conclusions

We concluded that computerized matches of the Medicaid eligibility file against the Death Master File (DMF) are an efficient and effective tool to help detect and prevent Medicaid payments attributable to deceased individuals. It is an efficient tool because each computer match can screen all of the individuals in the eligibility file, and it can detect instances where the Department of Human Resources (DHR) and Department of Health and Mental Hygiene (DHMH) eligibility determination processes may not have obtained certain death information or obtained the information, but did not act on it timely. It is an effective tool because it is a comprehensive listing of deaths that occurred in all states and is updated monthly. Currently, neither DHMH nor DHR have sufficiently comprehensive processes to identify Maryland Medicaid beneficiaries who die in other states, and the processes for identifying beneficiaries who died in Maryland were also not effective in all cases.

While the Social Security Administration acknowledges that the DMF contains some errors and our audit confirmed this, we nevertheless found that the DMF was useful to identify material Medicaid payments attributable to deceased individuals. Denial of benefits should never be based solely on an individual appearing on the DMF. For those individuals identified as deceased based on the DMF match, DHMH and/or DHR should evaluate and investigate the results to determine whether the individuals are in fact deceased. If so, their eligibility should be canceled and any improper payments should be recovered. For example, our match identified 323 individuals with Medicaid payments totaling $2.5 million after their reported dates of death. Based on our review of 20 of these cases, we determined that 10 individuals were deceased and payments totaling $426,403 were made after their actual dates of death. The matches we performed also indicate that the Medicaid eligibility file could contain certain data inaccuracies involving the names of Medicaid eligible persons, their social security numbers, and their dates of birth that need to be investigated.

Based on our detail review of files for the ten cases in which the match identified Medicaid payments attributable to deceased individuals, we noted certain issues that suggest other factors contributed to the failure to detect these payments. DHMH and DHR should evaluate these situations to determine whether system or procedural changes are necessary.

Findings and Recommendations

Results of Individual Case Reviews

Finding 1
Maryland's Medicaid eligibility file should be periodically matched to a nationwide death database to identify payments made attributable to deceased individuals.

Analysis
Our review of the 20 individuals for whom the largest amount of payments were made after the Death Master File (DMF) recorded date of death disclosed improper payments were made for 10 individuals. We determined that no improper payments were attributable to the other 10 individuals for various reasons such as the DMF was inaccurate (for example, the individual was not actually deceased). Based on the results and certain limitations with the Department of Human Resources' (DHR) and Department of Health and Mental Hygiene's (DHMH) existing procedures to identify deceased individuals, we believe the Medicaid eligibility file should be periodically matched against the DMF.

We determined that improper capitation payments totaling $279,405 were made for nine of the individuals and long-term care payments of $146,998 were made for one individual for services after their actual dates of death. Thus, the improper payments made from their respective dates of death (see below) through August 2011 attributable to these ten individuals totaled $426,403. The location and dates of death for the 10 individuals, which were verified to certified copies of state death certificates, were:

North Carolina	August 18, 2007
Maryland	October 9, 2007
Washington, D.C.	October 16, 2007
Washington, D.C.	November 4, 2007
Florida	July 1, 2008
Maryland	June 25, 2009
Mississippi	October 08, 2009
Maryland	October 13, 2009
Virginia	December 13, 2009
Maryland	June 15, 2010

After the computerized matches were performed and these cases were brought to the attention of the Departments, through August 31, 2011 DHMH had recovered $115,170 of the overpayments.

We noted that neither DHMH nor DHR used any nationwide listing of deaths to prevent and/or detect benefit payments made for individuals who died in states other than Maryland. Although DHR and DHMH sometimes performed computer matches to Maryland's Vital Statistics Administration death records to detect deceased individuals still categorized as eligible for various benefit programs, the results of our match suggest that the Departments' existing processes are not always effective. Four of the 10 deceased individuals for whom improper payments were made died in Maryland. In addition, in our previous audit report on the Family Investment Administration, the unit of DHR that is responsible for the oversight of a number of public assistance programs, we commented that the results of computer matches were not always investigated adequately or completely.

As previously mentioned, 9 of the 10 instances in which improper payments were made were for monthly capitation payments to managed care organizations (MCOs). Payments to MCOs are particularly susceptible to being made for deceased individuals. Once the Medical Care Programs Administration (MCPA) enrolls an eligible individual with an MCO, the MCO will automatically continue to receive monthly capitation payments until eligibility has expired or MCPA learns that the patient is deceased and disenrolls the recipient from the MCO.

Since the 20 individuals tested were selected from the group of 323 individuals identified with Medicaid payments totaling $2.5 million after their reported dates of death, DHMH needs to review the other 303 cases to determine whether the individuals are in fact deceased. If so, DHMH should terminate their eligibility and recover improper payments that were made.

Recommendation 1
We recommend that

a. DHMH and DHR cooperatively develop a process for using the Social Security Administration's DMF to detect deceased individuals who are improperly identified in the Medicaid Management Information System (MMIS) as eligible to receive Medicaid benefits and for identifying the amounts that may have been improperly paid attributable to deceased individuals. The processes developed should address the frequency with which the DMF should be matched to recipient files, which agency should perform the match, and which agency is responsible for pursuing potential improper payments detected and processing appropriate terminations of benefits eligibility. These matters should be fully

addressed in an addendum to the Medicaid Memorandum of Understanding between the Departments; and

b. DHMH recover the remaining improper payments from providers for the 10 individuals we identified, and investigate the remaining 303 cases to determine whether the individuals are deceased. If so, DHMH should terminate their Medicaid eligibility and pursue for recovery any improper payments.

Results of Matches

Finding 2
Other cases identified by the match should be investigated to identify any data inaccuracies and overpayments.

Analysis

The match results indicate that the Medicaid eligibility file could contain certain data inaccuracies. As previously mentioned, our match, based on social security number only, disclosed 1,582 individuals reflected as eligible for Medicaid services that were listed as deceased on the DMF. Medicaid payments totaling $7.5 million were attributable to 532 of these individuals from January, 1, 2008 to March 10, 2011 for services rendered after their dates of death reported on the DMF. (This result includes the 323 individuals totaling $2.5 million commented upon in Finding 1.) No payments were identified during this period for the remaining 1,050 (1,582 minus 532) matched social security numbers but the individuals are still active on the Medicaid eligibility file. To help prevent additional erroneous payments, all of these individuals should be investigated and either data errors should be corrected or ineligible individuals should be removed from the eligibility file.

Although some of these matched individuals are not deceased and there are errors in the DMF as previously mentioned, these results seem to indicate that the Departments may be unaware of many deaths of persons who are still designated as Medicaid eligible (including those cases with or without Medicaid payments). Even if the individuals are not deceased, the results suggests there could be other data inaccuracies involving social security numbers, birth dates, and names within DHR and DHMH computer systems. For example, in some cases, the social security numbers and names match, but not the birth dates. Furthermore, it may suggest that individuals could have used the identity of others (such as the social security number) to inappropriately obtain Medicaid benefits since 184 of the matched social security numbers did not agree for both date of birth and last name.

Recommendation 2
We recommend that DHMH and DHR investigate the instances in which the recipients' identifying information recorded in their systems do not agree to the related information in the DMF and take appropriate action (such as correcting data errors, and/or canceling Medicaid eligibility, when warranted). Any instances of improper payments detected during this process should be pursued for recovery.

Finding 3
DHR and DHMH should evaluate the factors that contributed to the overpayments detected during our audit and make any necessary system or process changes.

Analysis
Our review of the ten cases for which payments were improperly made attributable to deceased individuals identified certain contributing factors that help to explain how these overpayments occurred and why they were not detected for extended periods. We provided the Departments with the specific details uncovered by our review for their investigation. Specific conditions found that highlight some of the problems the Departments need to address are as follows:

- Appropriate action was not always taken when an event occurred that should have changed a recipient's eligibility status. In one case, the Client's Automated Resource and Eligibility System (CARES) case notes indicated that the recipient was deceased, but on MMIS, the recipient's eligibility for Medicaid benefits was not canceled. In another case, the CARES case notes indicated that the recipient did not appear for a Food Stamp eligibility redetermination appointment, but their eligibility for benefits was not canceled on CARES. In both cases the recipient's eligibility did not change until years later; the related payments improperly made totaled $205,451. These circumstances indicate that DHR procedures were not adequate to ensure proper and timely action was taken in response to changes in the recipient's circumstances, that entry of pertinent information was not made in the proper locations in CARES, and/or CARES does not fully update MMIS on eligibility matters.

- For one of the cases discussed in the bullet above, payments to a nursing home began in September 2008 (eleven months after the individual's death) and continued until December 2010 (that is, for 28 months) when the payments stopped without any explanation in either CARES or MMIS. The local department of social services (LDSS) could not find a related case file to

substantiate the identity of the individual. These circumstances raise questions regarding the billings and the adequacy of related verification procedures. As a result, a full investigation of the circumstances is warranted.

- Under certain circumstances, MCPA deleted eligibility and payment transaction records from MMIS. MCPA provided a listing of 33 individuals whose eligibility and transaction records were removed from MMIS between May 12, 2010 and July 19, 2011. MCPA explained that they sometimes delete records at the request of DHR when ineligible individuals are discovered who should never have been added to the system and for whom no legitimate transactions had been processed. However, we noted one deleted case in which an MCO had received capitation payments attributable to a deceased individual over a 22-month period totaling $25,651. MCPA has recovered these payments. A record of this activity should be retained in MMIS so that all billings and actions taken can be properly reconciled for disbursements and recoveries.

- DHR did not verify the continued eligibility of individuals who initially obtained their Medicaid eligibility because they received federal Supplemental Security Income (SSI) payments (DHMH regulations specify that individuals receiving SSI payments are categorically eligible for Medicaid benefits). Unlike other Medicaid recipients, periodic redeterminations of eligibility are not performed for those who are SSI eligible. However, if individuals no longer qualify for SSI, there is no mechanism to readily identify them so that DHR can determine whether Medicaid eligibility should be canceled. This is significant because during fiscal year 2011, MCPA's records indicated that medical providers were paid $1.7 billion attributable to 115,000 individuals who received Medicaid eligibility because of their eligibility for SSI payments. Also, the Social Security Administration – Office of the Inspector General conducted audits[2] in 2009 and 2011 that disclosed significant numbers of SSI applicants failed to report vehicle and real property assets that would have disqualified them for SSI.

  Eight of the individuals tested for whom improper payments were made received their Medicaid eligibility because they were receiving SSI payments. One individual, who was approved in April 2007 for Medicaid benefits due to receiving SSI, became ineligible for SSI benefits in May 2007 (therefore the individual was no longer categorically eligible for Medicaid benefits). DHR did not learn of this until March 2011 (nearly 4 years later) and the individual

[2] *Supplemental Security Income Recipients with Unreported Real Property* dated June 1, 2011 (http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-02-09-29025.pdf); and, *Supplemental Security Income Recipients with Unreported Vehicles* dated July 15, 2009 (http://oig.ssa.gov/sites/default/files/audit/full/pdf/A-02-08-28038_7.pdf).

improperly retained their Medicaid eligibility, resulting in improper MCO capitation payments totaling $31,946. Additionally, based on our research, we determined that this individual had died on November 4, 2007.

- DHR did not always verify that individuals approved for Medicaid benefits were Maryland residents. Monthly capitation payments totaling $28,083 were made to an MCO between December 2009 and May 2011 (18 months) for an individual who died in Virginia on December 13, 2009. The individual was a resident of Virginia and applied for Medicaid benefits from Maryland because the individual planned to move to Maryland. The individual was approved for Medicaid benefits on November 22, 2009, due to receiving SSI, and died 21 days later. The LDSS subsequently canceled her eligibility, effective May 31, 2011 (1½ years later), due to her having an out of state address. There was no documentation in the DHR case file to indicate that the individual ever established Maryland residency.

Recommendation 3
We recommend that

a. DHMH and DHR evaluate the factors contributing to the overpayments, such as those described above, and institute necessary process and system changes or other actions to prevent recurrence and to detect improper payments sooner; and

b. DHR periodically verify the continued eligibility of individuals who were approved for Medicaid benefits because of their approval for SSI benefits.

APPENDIX

STATE OF MARYLAND

December 1, 2011

Mr. Bruce Myers, CPA
Legislative Auditor
Office of Legislative Audits
301 W. Preston Street
Baltimore, MD 21201

Dear Mr. Myers:

Enclosed please find the Department of Health and Mental Hygiene (DHMH) and Department of Human Resources' (DHR) response to the Department of Legislative Services findings and recommendations for the draft audit report of the Medical Assistance Program Performance Audit on the Use of the Death Master File. The response addresses each audit recommendation. The two agencies will work together to promptly address the issues cited. In addition, each Department's Office of Inspector General will follow-up on the recommendations to ensure compliance.

If you have any questions or require additional information, please do not hesitate to contact us.

Sincerely,

Joshua M. Sharfstein, M.D.
Secretary, DHMH

Theodore Dallas
Secretary, DHR

Enclosure

cc: Charles J. Milligan, Deputy Secretary, Health Care Financing, DHMH
Thomas V. Russell, Inspector General, DHMH
Ellwood L. Hall, Jr., Assistant Inspector General, DHMH
Patrick Dooley, Chief of Staff, DHMH
Rosemary Malone, Executive Director, Family Investment Administration, DHR
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Medical Assistance Program Responses
Performance Audit on the Use of the Death Master File

Finding 1
Maryland's Medicaid eligibility file should be periodically matched to a nationwide death database to identify payments made attributable to deceased individuals.

Recommendation 1

We recommend that

a. DHMH and DHR cooperatively develop a process for using the Social Security Administration's DMF to detect deceased individuals who are improperly identified in the Medicaid Management Information System (MMIS) as eligible to receive Medicaid benefits and for identifying the amounts that may have been improperly paid attributable to deceased individuals. The processes developed should address the frequency with which the DMF should be matched to recipient files, which agency should perform the match, and which agency is responsible for pursuing potential improper payments detected and processing appropriate terminations of benefits eligibility. These matters should be fully addressed in an addendum to the Medicaid Memorandum of Understanding between the Departments; and

b. DHMH recover the remaining improper payments from providers for the 10 individuals we identified, and investigate the remaining 303 cases to determine whether the individuals are deceased. If so, DHMH should terminate their Medicaid eligibility and pursue for recovery any improper payments.

Department Response

a. DHMH and DHR concur with the recommendation. DHMH has business processes in place to initiate recoveries when a death is identified. In FY2010 and FY2011, the Department recovered payments for 3,495 deceased recipients totaling approximately $7 million. For example, when DHR receives notice of the date of death and closes the case in the CARES system, MMIS automatically closes the case and the system is programmed to recover capitation paid after the date of death so that delay in closing cases results in no loss to the state.

   DHMH and DHR will work cooperatively to develop a process for using the Social Security Administration's DMF as a tool to identify deceased individuals. However, as the auditors noted, the file is error prone and, due to the volume of matches, an investigation of all recipients may not be feasible or cost effective. Additionally, as noted by SSA itself, users of the DMF are urged not to take adverse action against any individual without a complete investigation since it was determined that over 36,000 living individuals had been erroneously added to the file. DHMH and DHR will provide the DLS a copy of the MOU once it has been signed.

b. DHMH concurs with this recommendation. DHMH had already initiated recovery in 3 of the 10 cases prior to the audit and recovered $113,228. For the remaining seven cases, DHMH investigated and as of 11/1/11 has recovered $163,631 of program funds for six of the cases and for the remaining one case, DHMH determined claims paid in the amount of $146,998 were paid correctly, however the monies were recorded under an incorrect medical assistance number. To date, the monies have been reconciled and applied to the correct account. DHMH and DHR will investigate the remaining 303 cases to determine whether the individuals are deceased. If so, DHMH will work with DHR to terminate their Medicaid eligibility and pursue recovery of any improper payments.

Finding 2
Other cases identified by the match should be investigated to identify any data inaccuracies and overpayments.

Recommendation 2
We recommend that DHMH and DHR investigate the instances in which the recipients' identifying information recorded in their systems do not agree to the related information in the DMF and take appropriate action (such as correcting data errors, and/or canceling Medicaid eligibility, when warranted). Any instances of improper payments detected during this process should be pursued for recovery.

Department Response

DHMH concurs with this recommendation. DHMH and DHR will investigate the cases in which the recipients' identifying information recorded in CARES and/or MMIS do not agree with the related information in the DMF and will take appropriate action including terminating Medicaid eligibility when warranted.

Although the auditors have pointed out areas for improvement, DHMH pursues overpayments related to recipient deaths as part of the day to day operations of the Program. For example in fiscal year 2010, DHMH recovered payments for 1,131 deceased recipients totaling approximately $2,028,235. Additionally, in fiscal year 2011, DHMH recovered payments for 2,364 deceased recipients totaling approximately $4,989,123. The Office of the Inspector General (OIG) Data Analysis Unit performs an additional cross check with a semi-annual match of MMIS eligibility data and Vital Statistics data to identify Medicaid payments made on behalf of recipients to providers after dates of death. The results of these matches are forwarded to the Medicaid Program for recovery. As a result of this process, the OIG has identified the following recoveries in FY2010: $106,266 and in FY2011: $203,597.

Finding 3
DHR and DHMH should evaluate the factors that contributed to the overpayments detected during our audit and make any necessary system or process changes.

Recommendation 3

We recommend that

a. DHMH and DHR evaluate the factors contributing to the overpayments, such as those described above, and institute necessary process and system changes or other actions to prevent recurrence and to detect improper payments sooner; and

b. DHR periodically verify the continued eligibility of individuals who were approved for Medicaid benefits because of their approval for SSI benefits.

Department Response

a. DHMH and DHR concur with the recommendation and will review the cases in the sample, review processes**,** and implement necessary changes or other actions to prevent recurrence and to detect improper payments more timely. However, there will be a cost to implementing these changes.

b. DHR will periodically verify that individuals who receive Medicaid eligibility because of SSI eligibility remain eligible for the program.

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