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Maryland Department of Health (MDH)
Medical Care Programs Administration (MCPA)

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Presentation to Joint Audit and Evaluation Committee

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Report Overview

- MCPA administers the Medical Assistance Program (Medicaid), which provides low-income Maryland residents with access to a broad range of health care benefits that are financed by State and federal funds.
- This is the primary MCPA audit, accounting for $5.4 billion in expenditures in FY24. Separate audits are conducted of the Managed Care Program, Behavioral Health Administration's Administrative Service Organization, and the Maryland Pharmacy Program.
- This report covers the period from April 1, 2022 to March 31, 2025. The report contains 12 findings* including 6 findings that are repeated from one or more prior audits dating back to November 2019.
- Based on the significance and duration of the findings, we determined that MCPA's accountability and compliance level was unsatisfactory for the second consecutive audit.

*We determined that Finding 10 related to "cybersecurity" as defined by State Finance and Procurement Article, Section 3.5-301(c) of the Annotated Code of Maryland. In accordance with State Government Article 2-1224(i) the finding was redacted from the publicly available audit report and, consequently, is not included in this presentation.

Key Findings

- MCPA did not ensure that issues identified with Medicaid eligibility determinations were corrected and that annual redeterminations were completed timely.
- MCPA did not have effective processes to identify, prevent, and recover questionable Medicaid payments including $9.2 million in payments for incarcerated and deceased recipients.
- MCPA did not ensure all referrals of potential third-party health insurance were recorded in its claims information system (MMIS II).
- MCPA did not provide effective oversight of the nursing and home and community-based-services (HCBS) programs.
- MCPA did not ensure that vendor employees obtained criminal background checks required by the contracts.

Recipient Eligibility (Finding 1)

- MCPA did not ensure that issues with Medicaid eligibility determinations were corrected. Our audit disclosed that 306 of the 993 issues MCPA Identified with CY23 and CY24 eligibility had not been resolved as of May 2025.

- MCPA did not ensure the Maryland Health Benefit Exchange (MHBE) and the Department of Human Services (DHS) conducted annual eligibility redeterminations for all recipients. Our audit disclosed that MCPA paid $7.1 million for 546 recipients after their respective redetermination due date.

Recipient Eligibility (Finding 2)

- MCPA did not ensure that recipients age 65 or older applied for Medicare, as required by State regulations. Timely enrollment in Medicare is significant because Medicare is federally funded while Medicaid costs are partially paid by the State.

- According to MCPA records, during CY24, MCPA paid claims totaling $145 million for 4,873 recipients who were not enrolled in Medicare despite being potentially eligible based on their coverage group and age.

Recipient Eligibility (Finding 3) (Repeat)

MCPA did not have effective processes to identify, prevent, and recover questionable Medicaid payments.

Claims paid for Incarcerated Individuals

- Between May 2022 and January 2025 MCPA paid $6.4 million for 2,397 individuals incarcerated at the time of service, including 1,042 we identified as incarcerated during our prior audit.

Claims paid for Deceased Individuals

- As of April 2025, MCPA did not investigate 7,851 (56 percent) of the 14,146 recipients reported as deceased between April 2024 and March 2025.

- MCPA did not identify and investigate claims totaling $2.8 million paid on behalf of 4,510 recipients for services after the recipient's reported date of death.

Recipient Eligibility (Finding 4) (Repeat)

MCPA did not ensure that changes to recipient Medicaid eligibility information were processed timely and accurately.

- MCPA did not follow up on automated notifications of discrepancies between MMIS II information and information on DHS' and MHBE's systems. As of April 2025, MCPA had not followed up on 157,000 notifications, including 41,000 notifications that were outstanding from 1 to 3.6 years.

- MCPA did not ensure that errors identified during supervisory reviews of eligibility changes were corrected. Our test of 50 of the 1,000 errors identified by the reviews disclosed that 8 were still not corrected in MMIS II as of July 2025.

Third-Party Liability (Finding 5) (Repeat)

MCPA did not ensure that all referrals of potential third-party health insurance information were investigated and recorded in MMIS II, which could result in MCPA improperly paying claims that should have been paid by a third-party.

- As of December 2025, approximately 292,000 (74 percent) of the 396,000 referrals received from MCPA's third-party liability vendor between April 2024 and March 2025 were still not recorded in MMIS II.

- As of August 2025, MCPA had not investigated 166,000 of the 325,000 referrals received from Managed Care Organizations (MCOs) between January 2024 and May 2025, including 116,000 that were outstanding for at least six months.

Program Oversight (Finding 6) (Repeat)

MCPA did not ensure that the utilization control agent (UCA) contractor performed continued stay reviews (CSRs) of Medicaid recipients in nursing facilities.

- Our analysis disclosed that 4,425 of the 14,609 Medicaid recipients residing in a nursing facility during CY24 (30 percent) had not received the required CSR. As a result, MCPA lacked assurance that the $338.3 million in claims paid on behalf of these recipients were proper.

- MCPA also did not assess liquidated damages provided in the UCA contract, which could have totaled $332,000 for the 4,425 uncompleted CSRs.

Program Oversight (Finding 7)

MCPA did not approve HCBS plans of service timely, resulting in numerous recipients not receiving required services and payments for services that were no longer medically necessary.

- As of June 2025, 842 initial service plans had been pending approval for more than 15 days, including 234 plans pending approval between 3 months to 2.5 years. In addition, annual plan updates for 2,407 recipients were not approved timely, including 1,293 plans pending approval between 3 months to 3.2 years.

- Our review of 20 annual plan updates disclosed that 5 plans identified additional services that were not provided because the plan was not approved. In addition, MCPA paid $430,000 for services provided to 12 recipients despite the plans noting that certain services were no longer necessary.

Program Oversight (Finding 8) (Repeat)

MCPA did not ensure that all Community First Choice (CFC) recipients received personal assistance services in accordance with their individual plans of service.

- As of July 2025, 902 (9.8 percent) of the 9,175 recipients receiving personal assistance services were more than 60 days overdue for a nurse monitoring visit, including 365 recipients who were between 1 to 4.6 years overdue. Baltimore City Local Health Department (LHD) accounted for 293 of the 365 overdue recipients.

- We identified 229 recipients who had never received a nurse monitoring visit despite receiving services for 6 months to 10.6 years.

Program Oversight (Finding 9) (Repeat)

- MCPA did not conduct audits for 26 (23 percent) of the 114 Medical Day Care providers during calendar years 2023 and 2024, and we noted multiple deficiencies with the audits that were performed.

- MCPA audits of Supports Planning providers did not always assess whether the provider met with recipients at the required intervals and properly completed plans of service, or whether the providers' staff had passed criminal background checks and/or met education and experience requirements.

Criminal Background Checks (Finding 11)

- MCPA did not ensure that vendor employees obtained criminal background checks, as required by the contracts. MCPA advised that individuals convicted of certain crimes (such as theft, fraud, or violent offenses) should not have access to personally identifiable information (PII) and protected health information (PHI).

- During our fieldwork, we identified 7 vendors with access to PII and PHI, of which 5 had a contractual requirement for criminal background checks. MCPA did not obtain criminal background checks from any of these 5 vendors.

Reconciliation of MMIS II to State Accounting Records (Finding 12)

MCPA did not have procedures to reconcile Medicaid expenditures recorded in MMIS II with the State's accounting records.

- MCPA subsequently reconciled FY23 and FY24 activity and identified that expenditures recorded in the State's accounting records exceeded expenditures in MMIS II by $200.9 million.

- MCPA could not readily explain the discrepancies and advised that it did not consider the variances significant enough to pursue. The variances raise concerns about whether MCPA has recorded all eligible expenditures in MMIS II to enable the recovery of federal funds.

Conclusions

Our audit of MCPA identified numerous concerns related to MCPA's oversight of Medicaid recipient eligibility and related payments, third-party liability, program oversight, criminal background checks, and reconciliations of Medicaid expenditures with State accounting records.

We made detailed recommendations to MCPA and we will assess the status of the recommendations during the course of our next audit.

We are happy to answer any questions.