

MEDICAID PARTICIPANT FEES PAID FOR DECEASED  
INDIVIDUALS IN THE LOUISIANA BEHAVIORAL HEALTH  
PARTNERSHIP AND BAYOU HEALTH PROGRAMS -  
DEPARTMENT OF HEALTH AND HOSPITALS



PERFORMANCE AUDIT SERVICES  
DATA ANALYTICS UNIT  
ISSUED OCTOBER 30, 2013

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MICHAEL BOUTTE, PERFORMANCE AUDIT MANAGER,  
AT 225-339-3800.**

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

October 30, 2013

The Honorable John A. Alario, Jr.,  
President of the Senate  
The Honorable Charles E. "Chuck" Kleckley,  
Speaker of the House of Representatives

Dear Senator Alario and Representative Kleckley:

This report provides the results of our analysis on Medicaid participant fees paid by the Department of Health and Hospitals for deceased individuals.

The report contains our finding, conclusion, and recommendations. Appendix A contains the Department of Health and Hospitals' response to this report. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the Department of Health and Hospitals for their assistance during this audit.

Sincerely,

A handwritten signature in blue ink that reads "Daryl G. Purpera".

Daryl G. Purpera, CPA, CFE  
Legislative Auditor

DGP/ch

DHH-LBHP 2013

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# Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



## Medicaid Participant Fees Paid for Deceased Individuals Department of Health and Hospitals

October 2013

Audit Control # 50130022

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### Introduction

The Department of Health and Hospitals (DHH) administers the Medicaid program in the state of Louisiana. Medicaid provides medical benefits to low-income individuals and families who meet certain eligibility qualifications. Currently in Louisiana, approximately 1.4 million people are enrolled in Medicaid.

During fiscal year 2012, DHH implemented the Louisiana Behavioral Health Partnership and Bayou Health programs. The Louisiana Behavioral Health Partnership, which began in March 2012, is a system of care providing specialized behavioral health services.<sup>1</sup> This program is administered by Magellan Health Services, Louisiana's statewide management organization. The Bayou Health program, phased in between February 2012 and June 2012, consists of five health plans administered by five managed care organizations. The managed care organizations include:

- Amerigroup Louisiana, Inc.
- LaCare
- Louisiana Healthcare Connections, Inc.
- Community Health Solutions of America, Inc.
- UnitedHealthcare of Louisiana, Inc.

DHH pays these entities monthly fees for each participant eligible for medical coverage (similar to an insurance premium) or case management services (an administrative fee) depending upon the plan in which the participant is enrolled. However, DHH is responsible for determining participant eligibility and enrolling participants in the Louisiana Behavioral Health Partnership and Bayou Health programs. The purpose of our analysis was as follows:

**Determine if DHH paid participant fees for deceased individuals in the Louisiana Behavioral Health Partnership and Bayou Health programs between February 1, 2012, and June 30, 2013.**

Appendix A contains DHH's response to this report and Appendix B details our scope and methodology.

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<sup>1</sup> Non-Medicaid individuals may also be eligible to participate in the Louisiana Behavioral Health Partnership.

## Analysis Results

**DHH paid approximately \$1.85 million in participant fees for 1,727 deceased individuals in the Louisiana Behavioral Health Partnership and Bayou Health programs between February 1, 2012, and June 30, 2013.**

We obtained payments made by DHH for participants in the Louisiana Behavioral Health Partnership and Bayou Health programs and compared them to the listing of deceased individuals obtained from the DHH - Center of State Registrar and Vital Records (Vital Records). Since February 2012, DHH has paid the entities administering the plans within the programs \$1,849,474 in participant fees for deceased individuals. Approximately 53% of these payments were for participants who died before the programs began. As stated previously, DHH is responsible for determining participant eligibility and enrolling participants in the Louisiana Behavioral Health Partnership and Bayou Health programs. Exhibit 1 contains a breakdown of the payments based on when the participant died.

<b>Exhibit 1</b>		
<b>Participant Fee Payments for Deceased Individuals</b>		
<b>Date of Participant's Death</b>	<b>Number of Participants</b>	<b>Total Payments</b>
Before February 1, 2012	392	\$984,165
Between February 1, 2012, and March 31, 2013	535	796,305
After March 31, 2013	800	69,004
<b>Total</b>	<b>1,727</b>	<b>\$1,849,474</b>

**Source:** Prepared by legislative auditor's staff using DHH Medicaid and Vital Records data.

Of this \$1,849,474, Magellan Health Services which is associated with the Louisiana Behavioral Health Partnership received \$257,964 (14%) and the five entities associated with the Bayou Health program received \$1,591,510 (86%). Exhibit 2 is a breakdown of payments received by each entity participating in the Bayou Health program.

<b>Exhibit 2</b>	
<b>Breakdown of Participant Fee Payments for Deceased Individuals by Bayou Health Entity</b>	
<b>Bayou Health Entity</b>	<b>Total Payments</b>
Amerigroup Louisiana, Inc.	\$441,216
LaCare	598,964
Louisiana Healthcare Connections, Inc.	527,341
Community Health Solutions of America, Inc.	8,364
UnitedHealthcare of Louisiana, Inc.	15,625
<b>Total</b>	<b>\$1,591,510</b>

**Source:** Prepared by legislative auditor's staff using DHH Medicaid and Vital Records data.

Appendix C contains the number of participant fee payments made after the participants died.

## Conclusion

Based on the results of our analysis, DHH does not have a sufficient process in place for identifying deceased Medicaid participants in a timely manner. In addition, some of the payments identified may have occurred because DHH automatically enrolled participants who were Medicaid eligible prior to February 2012 into the new programs without verifying whether or not they were deceased. According to DHH management, the department should be able to recover the payments identified in this report.

**Recommendation 1:** DHH should begin the process of recovering the participant fees for individuals we identified as deceased.

**Recommendation 2:** DHH should evaluate its current process for identifying deceased individuals in the Medicaid program and determine why deceased individuals are not being identified timely. Based on its evaluation, DHH should amend its process so that it accurately identifies deceased individuals in a timely manner.

**Summary of Management's Response:** DHH agrees with these recommendations. See Appendix A of the report for DHH's full response.

## **APPENDIX A: MANAGEMENT'S RESPONSE**



# State of Louisiana

Department of Health and Hospitals  
Bureau of Health Service Financing

October 18, 2013

Daryl G. Purpera, CPA, CFE  
Louisiana Legislative Auditor  
1600 North Third Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

RE: Medicaid Payments for Deceased Individuals

Dear Mr. Purpera,

The Department of Health and Hospitals (DHH) has reviewed your offices report titled "Medicaid Payments for Deceased Individuals" and we concur with this report.

The \$1.85 million overpayment identified by your office represents a tenth of one percent of the total per member per month (PMPM) premiums paid during the review period and the Bureau of Health Services Financing (BHSF) is currently in the process of reviewing the records of the deceased individuals identified by your office. DHH is verifying that the clients are deceased and we are ensuring that the correct date of death is entered in the Medicaid Eligibility Determination System (MEDS). Upon the completion of this task, we will ensure that all overpayments are recouped from the Managed Care Organizations (MCO) by March 31, 2014.

BHSF will perform a data query quarterly to review members with dates of death entered into MEDS in the reporting quarter. The dates of death determine the number of months of ineligibility and the corresponding months of participant fees previously paid are recouped from the appropriate MCO.

If you have any questions about this matter, please contact Bill Perkins at 225-342-8935.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ruth Kennedy".

Ruth Kennedy, Medicaid Director

c: Jerry Phillips, Undersecretary  
Bill Perkins, Deputy Medicaid Director  
W. Jeff Reynolds, Deputy Medicaid Director





Louisiana Legislative Auditor  
 Performance Audit Services  
 Data Analytics Unit

Checklist for Recommendations

**Instructions to Agency:** Please check the appropriate box below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

RECOMMENDATIONS	AGREE	DISAGREE
<b>Recommendation 1:</b> DHH should begin the process of recovering the participant fees for individuals we identified as deceased. <b>(p. 3 of the report)</b>	√	
<b>Recommendation 2:</b> DHH should evaluate its current process for identifying deceased individuals in the Medicaid program and determine why deceased individuals are not being identified timely. Based on its evaluation, DHH should amend its process so that it accurately identifies deceased individuals in a timely manner. <b>(p. 3 of the report)</b>	√	

## APPENDIX B: SCOPE AND METHODOLOGY

We conducted this analysis under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This analysis focused on the Louisiana Behavioral Health Partnership and Bayou Health program payments made by the Department of Health and Hospitals (DHH) between February 1, 2012, and June 30, 2013. The purpose of this analysis was to:

**Determine if DHH paid participant fees for deceased individuals in the Louisiana Behavioral Health Partnership and Bayou Health programs between February 1, 2012, and June 30, 2013.**

The scope of our audit was significantly less than that required by *Government Auditing Standards*. We believe the evidence obtained provides a reasonable basis for our findings and conclusions. To conduct this analysis, we performed the following steps:

- Obtained an electronic copy of deceased individuals from the DHH - Center of State Registrar and Vital Records.
- Obtained an electronic copy of Medicaid claims paid in the Bayou Health and the Louisiana Behavioral Health Partnership programs from Molina Health Solutions, DHH's fiscal intermediary.
- Compared the deceased individuals from Vital Records to the Medicaid claims paid to determine if any payments were made for claims occurring after a participant's death.
  - Considered an individual to be deceased if the Vital Records and Medicaid data matched on social security number, date of birth, and first name; or social security number and date of birth; or social security number and first name; or first name, last name, and date of birth.
  - Determined the reliability of the death records by selecting a sample of 61 records from the match and obtained death certificates for the individuals. Based on this testing, the data was reliable.
- Discussed the results of our analysis with DHH management and provided DHH with an opportunity to respond to this report.

## APPENDIX C: NUMBER OF PARTICIPANT FEE PAYMENTS MADE AFTER DEATH

Date of Participant's Death	One Payment		Two Payments		Three or More Payments		Total Participants and Payments	
	Number of Participants	Payment Amount	Number of Participants	Payment Amount	Number of Participants	Payment Amount	Number of Participants	Payment Amount
Before February 1, 2012	5	\$687	6	\$396	381	\$983,082	392	\$984,165
Between February 1, 2012, and March 31, 2013	71	17,080	57	12,892	407	766,333	535	796,305
After March 31, 2013	673	17,447	105	42,699	22	8,858	800	69,004
<b>Total</b>	<b>749</b>	<b>\$35,214</b>	<b>168</b>	<b>\$55,987</b>	<b>810</b>	<b>\$1,758,273</b>	<b>1,727</b>	<b>\$1,849,474</b>

**Source:** Prepared by legislative auditor's staff using DHH Medicaid and Vital Records data.