

MEDICAID PARTICIPANT FEES PAID FOR
INCARCERATED INDIVIDUALS

DEPARTMENT OF HEALTH AND HOSPITALS



PERFORMANCE AUDIT SERVICES
DATA ANALYTICS UNIT
ISSUED JULY 2, 2014

**LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

**FIRST ASSISTANT LEGISLATIVE AUDITOR
AND STATE AUDIT SERVICES**
PAUL E. PENDAS, CPA

DIRECTOR OF PERFORMANCE AUDIT SERVICES
NICOLE B. EDMONSON, CIA, CGAP, MPA

**FOR QUESTIONS RELATED TO THIS PERFORMANCE AUDIT, CONTACT
MICHAEL BOUTTE, PERFORMANCE AUDIT MANAGER,
AT 225-339-3800.**

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 2, 2014

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 incarcerated 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,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/ch

DHH – MEDICAID FEES FOR THE INCARCERATED

Louisiana Legislative Auditor

Daryl G. Purpera, CPA, CFE



Medicaid Participant Fees Paid for Incarcerated Individuals Department of Health and Hospitals

July 2014

Audit Control # 40130058

Introduction

The Department of Health and Hospitals (DHH) administers the Medicaid program in the state of Louisiana. 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.¹ 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.
- ACLA (formerly 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.

Medicaid provides medical benefits to low-income individuals and families who meet certain eligibility qualifications. In a December 12, 1997 letter from the Center for Medicaid and State Operations (CMS), guidance was provided regarding the availability of Medicaid funds for inmates housed by state governments. According to this letter, Medicaid funds cannot be used to provide medical services to inmates except when the inmate is a patient in a medical institution. This occurs when the inmate is admitted as an inpatient in a hospital, nursing facility, juvenile

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

psychiatric facility, or intermediate care facility. This exception did not apply to the individuals included in our analysis, which is discussed on the following pages of this report.

The purpose of our analysis was as follows:

Determine if DHH paid Medicaid participant fees for incarcerated individuals in the Louisiana Behavioral Health Partnership and Bayou Health programs between February 1, 2012 and December 31, 2013.

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

Analysis Results

DHH paid approximately \$2.7 million in participant fees for 2,644 incarcerated individuals in the Louisiana Behavioral Health Partnership and Bayou Health programs between February 1, 2012 and December 31, 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 incarcerated individuals obtained from the Louisiana Department of Public Safety and Corrections - Corrections Services (Department of Corrections). Since February 2012, DHH has paid the entities administering the programs \$2,688,805 in participant fees for incarcerated individuals. Approximately 27% of the payments were for participants who were incarcerated 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 was incarcerated.

Exhibit 1		
Participant Fee Payments for Incarcerated Individuals		
Date of Participant's Incarceration	Number of Incarcerations*	Total Payments
Before February 1, 2012	525	\$719,959
Between February 1, 2012 and September 30, 2013	2,041	1,892,418
After September 30, 2013	170	76,428
Total	2,736	\$2,688,805
*The number of participant incarcerations does not equal the number of participants because some participants have multiple incarcerations.		
Note: The calculations in this exhibit are based on rounded numbers.		
Source: Prepared by legislative auditor's staff using DHH and Louisiana Department of Corrections data.		

Of this \$2,688,805, Magellan Health Services which is associated with the Louisiana Behavioral Health Partnership received \$465,088 (17%) and the five entities associated with the Bayou Health program received \$2,223,717 (83%). Exhibit 2 is a breakdown of payments received by each entity participating in the Bayou Health program.

Exhibit 2	
Breakdown of Participant Fee Payments for Incarcerated Individuals by Bayou Health Entity	
Type	Amount
Amerigroup Louisiana, Inc.	\$806,114
ACLA (formerly LaCare)	705,620
Louisiana Healthcare Connections, Inc.	668,422
Community Health Solutions of America, Inc.	17,365
UnitedHealthcare of Louisiana, Inc.	26,196
Total	\$2,223,717
Note: The calculations in this exhibit are based on rounded numbers.	
Source: Prepared by legislative auditor's staff using DHH and Louisiana Department of Corrections data.	

Conclusion

Based on the results of our analysis, DHH does not have a sufficient process in place for identifying incarcerated 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 incarcerated.

According to DHH, in September 2013, it began receiving a weekly file from the Department of Corrections that contains a listing of incarcerated individuals. Since September 2013, DHH has continued to refine its process for identifying incarcerated individuals and states it will continue working with the Department of Corrections as part of that process. 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 incarcerated.

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

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

APPENDIX A: MANAGEMENT'S RESPONSE



State of Louisiana

Department of Health and Hospitals
Bureau of Health Services Financing

July 1, 2014

Daryl G. Purpera, CPA
Legislative Auditor
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: DHH Response to LLA Draft Report Regarding Medicaid Participant Fees Paid for Incarcerated Individuals

Dear Mr. Purpera:

We have carefully reviewed the above referenced draft report. As requested, we are providing our response to LLA's findings.

Finding:

DHH paid approximately \$2.7 million in participant fees for 2,644 incarcerated individuals in the Louisiana Behavioral Health Partnership and Bayou Health Programs between February 1, 2012 and December 31, 2013.

Response:

DHH concurs with the findings of the Louisiana Legislative Auditor (LLA). The implementation of Bayou Health and the Louisiana Behavioral Health Partnership represented the largest overhaul of the legacy Medicaid system in the State's history. The Department has continuously reviewed Bayou Health and LBHP to make improvements as needed.

In September 2013, DHH implemented system changes to exclude individuals who were incarcerated or become incarcerated in state custody from the Bayou Health and LBHP systems. The Department began receiving a weekly file from the Louisiana Department of Corrections (DOC) of incarcerated individuals which is then matched with active Medicaid recipients receiving health services through either our legacy Medicaid Program or a Bayou Health Plan. Incarcerated recipients are flagged on the Medicaid recipient sub-system maintained by the Medicaid fiscal intermediary and disenrolled from Bayou Health and LBHP so

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that monthly premiums are not paid on their behalf effective the month following entry into involuntary custody.

The Department is working with our contractor Molina to recoup 100 percent of the identified overpayments associated with this audit via an *ad hoc* recovery project. DHH previously developed an ongoing monthly recovery process in response to the LLA deceased individuals audit finding. DHH has initiated the necessary steps to include incarcerated individuals into this monthly recovery process as well. The Department anticipates it will have completed recoupment of the funds identified in this audit no later than August 31, 2014.

DHH will continue to work closely with the Department of Corrections (DOC) to further refine and improve the processes associated with identifying incarcerated individuals with an active Medicaid eligibility segment the month following entry into involuntary custody. In our collaborative effort to reduce these numbers we recently further refined the weekly file submission from DOC to include only true admits into involuntary custody and discharge dates.

We will be closely monitoring completion of the above referenced corrective actions. Please feel free to contact either myself or Bill Perkins, Medicaid Deputy Director, at (225) 342-8935 if you have additional questions or need any additional information.

Sincerely,



J. Ruth Kennedy
Medicaid Director

JRK/LB

Attachment

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 programs payments made by the Department of Health and Hospitals (DHH) between February 1, 2012 and December 31, 2013. The purpose of this analysis was to:

Determine if DHH paid Medicaid participant fees for incarcerated individuals in the Louisiana Behavioral Health Partnership and Bayou Health programs between February 1, 2012 and December 31, 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 Medicaid claims paid in the Bayou Health and the Louisiana Behavioral Health Partnership programs from Molina Health Solutions, DHH's fiscal intermediary.
- Obtained an electronic copy of individuals who became incarcerated between July 1, 2008 and December 31, 2013, from the Louisiana Department of Public Safety and Corrections - Corrections Services (Department of Corrections).
- Compared the incarcerated individuals according to the Department of Corrections to the Medicaid claims paid to determine if any payments were made for claims occurring during an inmate's incarceration.
- Considered an individual to be incarcerated if the Department of Corrections and Medicaid data matched on social security number, date of birth, first name, and last name; or social security number, date of birth, and last name; or social security number, date of birth, and first name; or social security number, first name, and last name.