



# Report Highlights

## Strengthening of the Medicaid Eligibility Determination Process

Louisiana Department of Health

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### Why We Conducted This Audit

The purpose of our analysis was to identify areas in which the Louisiana Department of Health (LDH) could strengthen its process for determining the eligibility of Medicaid recipients. Considering rising state health care costs and limited budgets, it is important that LDH ensure that Medicaid dollars are spent appropriately.

### What We Found

We found that LDH could strengthen its eligibility determination process in the following areas:

- LDH’s reasonable compatibility standard (standard) of 25% is higher than any other state. In addition, the formula it uses to calculate reasonable compatibility can result in an applicant being deemed eligible for Medicaid when an electronic data source is found to be more than 25% greater than what the applicant attested to earning.** LDH’s standard is 25%, while the state with the next highest standard is 20%. However, the formula used by LDH to calculate reasonable compatibility allows the electronic data source to be more than 25% greater than the attestation.
- While 30 states use federal or state income tax data as a tool when making eligibility determinations, LDH does not. Analysis performed by LDR found that 83,850 (25%) of the 335,400 adult Medicaid recipients with a tax return had income reported to Medicaid that differed, either being higher or lower, by \$20,000 from the amount filed on their tax return.** While LDH is similar to other states in its use of data sources such as quarterly wage information or unemployment benefits from the Louisiana Workforce Commission to verify eligibility, it does not use federal or state income tax data to determine eligibility like the majority of other states.

Reasonable Compatibility Standards	
Standard	Number of States
0%*	17
5%	4
10%	25
20%	1
25%	1
Other	3**

\*These states indicated that they do not have a reasonable compatibility standard.  
 \*\*Other standards include defined monetary limits and a limit that depends on the greater value between 10% and \$100.  
**Source:** Prepared by legislative auditor’s staff using information from CMS.

States Using Federal or State Income Tax Data	
Source	Number
Federal	28
State	3
<b>Total</b>	<b>30*</b>

\*California uses both federal and state income tax data.  
**Source:** Prepared by legislative auditor’s staff using information from CMS.

View the full report, including management’s response, at [www.la.gov](http://www.la.gov).