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Report Highlights

Medicaid Recipient Eligibility Managed Care and Louisiana Residency

Louisiana Department of Health

Audit Control # 80160098

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Why We Conducted This Work

We performed procedures to review the Louisiana Department of Health's (LDH) processes for verifying that Medicaid recipients meet the Louisiana residence requirement for eligibility.

What We Found

Beginning in 2012, LDH moved from a fee-for-service model, where LDH paid all Medicaid claims, to a managed care model for most acute care, behavioral health, and dental services. Under managed care, LDH pays a per member per month (PMPM) fee, essentially a premium, to five private insurance companies to serve as managed care organizations (MCOs). With Medicaid managed care, Medicaid recipient eligibility determinations become the cost driver for the Medicaid program. **Even if the recipient is out of state and getting no services in Louisiana, the state is still paying the full monthly Medicaid cost for them.**

Overall, we found that LDH needs to strengthen its processes for verifying and updating, in a timely manner, the eligibility of Medicaid recipients who do not meet the Louisiana Medicaid residence requirement. Because of weaknesses in the current processes, LDH did not identify recipients who moved out of state in a timely manner and therefore continued to pay PMPM fees to the managed care organizations. **Our testing noted erroneous PMPM payments totaling \$943,274, with an additional \$1,491,552 in questionable payments.**

Using data analysis, we considered Louisiana Medicaid recipients with LDH Healthy Louisiana PMPM payments from calendar years 2012 through 2015 and compared the recipients to Healthy Louisiana MCO claims activity for those recipients. Our analysis and testing noted:

- 13,141 recipients had no claims activity by the Healthy Louisiana plans since managed care started in 2012.
- 413 of the 13,141 recipients noted above had out-of-state addresses noted in the Medicaid eligibility files as of April 2016.
- In our test of a sample of 160 of the 413 recipients noted with an out-of-state address, we determined that all were living outside of Louisiana and would not be eligible for Louisiana Medicaid coverage due to the residence requirement.

We provided recommendations to LDH management for strengthening processes to ensure that PMPM payments are only paid for eligible recipients.

View the full report, including management's response, at www.la.gov.