

MEDICAID RESIDENCY

LOUISIANA DEPARTMENT OF HEALTH

**PERFORMANCE AUDIT SERVICES
DATA ANALYTICS UNIT**

Issued August 16, 2023

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August 16, 2023

The Honorable Patrick Page Cortez,
President of the Senate
The Honorable Clay Schexnayder,
Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the results of our audit of the Louisiana Department of Health (LDH). The purpose of this audit was to analyze the processes used by LDH to identify and remove Medicaid beneficiaries who no longer reside in Louisiana and no longer qualify for the state's Medicaid program.

Overall, we found that LDH should improve its processes for identifying Medicaid beneficiaries who no longer live in Louisiana.

We found that LDH made approximately \$112.6 million in per-member per-month (PMPM) payments to managed care entities (MCEs) for 13,771 adult beneficiaries who did not appear to have lived in Louisiana during the coverage period paid for by these PMPMs. These beneficiaries were identified because their address was changed to an out-of-state address in LDH's Medicaid eligibility system (eligibility system) or they obtained a driver's license in another state.

Specifically, we found that LDH paid approximately \$3.0 million of the \$112.6 million for 380 beneficiaries from June 2019 through February 2023 who were identified as residing out-of-state. In addition, the MCEs paid \$92,087 to out-of-state service providers after LDH's eligibility system listed these individuals as living outside of Louisiana.

We also found that LDH paid approximately \$109.5 million of the \$112.6 million for 13,391 beneficiaries from September 2016 through February 2023 who, according to Louisiana Office of Motor Vehicles (OMV) data, had obtained a driver's license in another state. The MCEs paid approximately \$2.8 million to out-of-state service providers after these beneficiaries obtained an out-of-state driver's license.

We also used Medicaid data and the Centers for Medicare & Medicaid Services' National Provider Identifier (NPI) database to identify 3,633 beneficiaries enrolled in Louisiana's Medicaid program from May 2017 to February 2023 who only received services from out-of-state providers. These beneficiaries did not have an

Michael J. "Mike" Waguespack

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out-of-state address in LDH's eligibility system, nor did they obtain a driver's license in another state.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the Louisiana Department of Health for its assistance during this audit.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Mike Waguespack", with a long horizontal flourish extending to the right.

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/ch

MEDICAID RESIDENCY

Louisiana Legislative Auditor

Michael J. "Mike" Waguespack, CPA



Medicaid Residency Louisiana Department of Health

August 2023

Audit Control # 40220035

Introduction

We evaluated the Louisiana Department of Health's (LDH) processes to identify and remove Medicaid beneficiaries who no longer reside in Louisiana and, as a result, do not qualify for Louisiana's Medicaid program. We conducted this audit because we previously identified behavioral health providers who billed Louisiana's Medicaid program for services provided to beneficiaries who appeared to no longer live in Louisiana.¹

LDH administers the Medicaid program to provide health and medical services for uninsured and medically-indigent citizens. Under LDH's current full-risk prepaid managed care model,² it pays a fixed per-member per-month (PMPM) fee to Managed Care Entities (MCEs) for the administration of health benefits and payment of all claims. However, LDH is responsible for determining Medicaid beneficiary eligibility and enrolling applicants into Medicaid programs.

The number of Medicaid beneficiaries in Louisiana increased 41.2%, from 1,448,703 in July 2016³ to 2,045,359 in March 2023. This increase was primarily due to the COVID-19 Public Health Emergency (PHE), as 440,402 (73.8%) of the 596,656 added Medicaid beneficiaries were enrolled after February 2020. LDH staff stated that they expect enrollment to decrease by 355,000 beneficiaries during the "unwind" period⁴ of the PHE protocols as LDH resumes performing annual Medicaid eligibility reviews, which were suspended during the PHE. See Appendix C for the number of beneficiaries enrolled in Louisiana's Medicaid program by month from July 2015 through June 2023.

¹[https://app.lla.state.la.us/publicreports.nsf/0/141703649223329886258973006fafa0/\\$file/00000fee3.pdf?openelement&.7773098](https://app.lla.state.la.us/publicreports.nsf/0/141703649223329886258973006fafa0/$file/00000fee3.pdf?openelement&.7773098)

² A managed care model is an arrangement for health care in which an organization acts as a gatekeeper or intermediary between the person seeking care and the physician.

³ July 2016 was the first month Louisiana provided expanded Medicaid coverage for the Adult group.

⁴ The PHE ended on March 31, 2023, which allowed states to resume normal operations, including restarting full Medicaid and CHIP eligibility renewals and terminations of coverage for individuals who are no longer eligible. Beginning April 1, 2023, states are able to terminate Medicaid enrollment for individuals no longer eligible. States have up to 12 months to return to normal eligibility and enrollment operations.

In addition to other requirements, one of the primary eligibility requirements for Louisiana's Medicaid program is that beneficiaries must reside in Louisiana to be eligible for Medicaid coverage.⁵ According to LDH's Eligibility Manual, Medicaid beneficiaries are allowed to self-attest to some information when applying for or renewing Medicaid coverage, including their residency status.⁶ Self-attestation for residency is allowed in 40 (80.0%) of 50 states according to state Medicaid verification plans.⁷ Although self-attestation is accepted for residency, LDH also uses other data sources to verify beneficiary residency. For example, the Public Assistance Reporting Information System (PARIS)⁸ performs three types of data matches, one of which identifies possible instances where beneficiaries may be enrolled in Medicaid programs in multiple states. LDH's Eligibility Manual also requires beneficiaries to report any change in their address to LDH within 10 days of the change. If any conflicting information is identified during the beneficiary's application process or eligibility period, LDH can request additional information from Medicaid applicants and beneficiaries to prove their residency. When LDH confirms a change in address, it updates its Medicaid eligibility system (eligibility system) with the new address, including out-of-state addresses.

Prior to the PHE, LDH's policies and procedures required that LDH terminate coverage for individuals who no longer lived in Louisiana if it received information showing they lived out-of-state and the beneficiary did not respond to a request for information about their residency status. However, the process to terminate Medicaid coverage for beneficiaries who no longer lived in Louisiana was more complex under the PHE. The Families First Coronavirus Response Act (FFCRA) authorized an increase⁹ in the federal share of the cost of Medicaid services in each state. To qualify for this increase, states could only terminate a beneficiary's coverage for three reasons (*see text box at right*). Although the FFCRA allowed for the termination of coverage of beneficiaries who no longer resided in-state, the Centers for Medicare and Medicaid Services (CMS) stated during weekly PHE conference calls with state health departments that LDH could not terminate a beneficiary's coverage

During the COVID-19 PHE, the three reasons LDH could close Medicaid cases were if a beneficiary:

1. moved out of state,
2. died, or
3. requested closure

⁵ Certain exceptions to this rule exist, such as when beneficiaries are temporarily out-of-state with an intent to return, when Louisiana students are attending an out-of-state school, and when individuals reside in an out-of-state institution.

⁶ Other items Medicaid applicants and beneficiaries can self-attest to include age, household composition, pregnancy, caretaker relative, Medicaid, application for other benefits, or third-party liability.

⁷ Medicaid verification plans outline the ways that each state intends to use various databases to ensure the accuracy of Medicaid eligibility determinations. See each state's plan at:

<https://www.medicaid.gov/medicaid/eligibility/medicaidchip-eligibility-verification-plans/index.html>

⁸ PARIS is a federal-state partnership that ensures the integrity of public assistance programs through detecting and deterring improper payments. PARIS is a free data-matching service for states matching beneficiaries of public assistance to check if they receive duplicate benefits in two or more states, and its matches help identify improper payments and minimize fraud and abuse.

⁹ The FFCRA authorized an increase of 6.2 percentage points to the states' Federal Medical Assistance Percentage (FMAP).

unless it received confirmation from the beneficiary that they no longer lived in Louisiana.¹⁰

The objective of this audit was:

To analyze processes used by LDH to identify and remove Medicaid beneficiaries who no longer reside in Louisiana and no longer qualify.

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A contains LDH's response, and Appendix B contains our scope and methodology. Appendix C details the number of Medicaid beneficiaries by month from July 2015 through June 2023.

¹⁰ CMS-9912 Interim Final Rule covers how the exception to this requirement could be utilized to terminate Medicaid enrollment for beneficiaries identified through a data match with PARIS as receiving assistance under a benefit program in more than one state if certain requirements are met. In such cases, if a state is unable to verify the beneficiary's continued residency in the state because the beneficiary fails to respond to requests for additional information and the state makes alternative efforts but cannot verify the beneficiary's continued residency in the state through other sources, that beneficiary's Medicaid enrollment may be terminated in accordance with Code of Federal Regulations (CFR) 435.400(d)(1)(ii). If the individual subsequently provides information to verify state residency, the state must reinstate the beneficiary's Medicaid enrollment.

Objective: To analyze processes used by LDH to identify and remove Medicaid beneficiaries who no longer reside in Louisiana and no longer qualify.

Overall, we found that the Louisiana Department of Health (LDH) should improve its process for identifying Medicaid beneficiaries who no longer reside in Louisiana and therefore no longer qualify for Louisiana's Medicaid program. Our analysis found that LDH made approximately \$112.6 million in per-member per-month payments (PMPM) to managed care entities (MCEs)¹¹ for 13,771 adult beneficiaries (over age 21) who do not appear to have resided in Louisiana during the coverage period paid for by these PMPMs. These beneficiaries were identified because their address was changed to an out-of-state address in LDH's eligibility system or they obtained a driver's license in another state. According to LDH, it could not terminate the Medicaid coverage of these beneficiaries during the Public Health Emergency (PHE) unless certain criteria was met, due to the possibility that the Centers for Medicare and Medicaid Services (CMS) would end Louisiana's Families First Coronavirus Response Act (FFCRA) Federal Medical Assistance Percentage (FMAP) match increase. We specifically found that:

- **LDH paid approximately \$3.0 million in PMPMs for 380 beneficiaries from June 2019 through February 2023 identified as residing out-of-state in LDH's eligibility system.** In addition, MCEs paid \$92,087 to out-of-state service providers after LDH's eligibility system listed the beneficiaries as residing out-of-state. Since LDH's eligibility system listed these beneficiaries as residing out-of-state, LDH should have prevented the payment of these PMPMs by following its existing policies or made a greater effort during the PHE to confirm the beneficiary's state of residence.
- **LDH paid approximately \$109.5 million in PMPMs for 13,391 beneficiaries from September 2016 through February 2023 who, according to Louisiana Office of Motor Vehicles (OMV) data, obtained a driver's license in another state.** In addition, MCEs paid approximately \$2.8 million to out-of-state service providers after the beneficiaries obtained an out-of-state driver's license. LDH could strengthen its eligibility process by using OMV data to identify Medicaid beneficiaries who obtained a driver's license in another state and may no longer live in Louisiana.

¹¹ MCEs are contracted by LDH to provide coverage for services to Louisiana Medicaid managed care program beneficiaries.

In addition, we used Medicaid data and CMS' National Provider Identifier (NPI) database¹² to identify 3,633 beneficiaries enrolled in Louisiana's Medicaid program from May 2017 to February 2023 who only received services from out-of-state providers. These beneficiaries did not have an out-of-state address in LDH's eligibility system, nor did they obtain a driver's license in another state. LDH could strengthen its eligibility process by using Medicaid data and CMS NPI data to identify Louisiana Medicaid beneficiaries who only receive services from out-of-state providers, which could indicate that the beneficiaries may no longer live in Louisiana.

Our findings and recommendations are discussed in more detail in the sections below.

LDH paid approximately \$3.0 million in PMPMs for 380 beneficiaries¹³ from June 2019 through February 2023 identified as residing out-of-state in LDH's eligibility system.

LDH's eligibility manual requires beneficiaries enrolled in Louisiana's Medicaid program to update their address within ten days of a change. Beneficiaries can update their address through their online account, their enrolled MCE, or by notifying LDH via telephone or mail.

LDH paid \$2,314,805 in PMPMs for 324 beneficiaries during the months after the beneficiaries' addresses were changed in LDH's eligibility system to an out-of-state address. These beneficiaries had no services paid by Medicaid in the months after their addresses were changed to out-of-state. When a Medicaid beneficiary moves to another state with intent to establish residency in that state, LDH policy states that the case should be closed "as soon as systems limitations allow." Once an LDH system or Medicaid analyst identifies and confirms that a Medicaid beneficiary has moved out-of-state, the system or analyst is supposed to update the beneficiary's address in the eligibility system to begin the process of closing the beneficiary's case. In most instances, this means the beneficiary no longer qualifies for Louisiana's Medicaid program.¹⁴ However, we identified instances in which LDH's eligibility system listed a beneficiary as having an out-of-state address, but the beneficiary's case was not closed, meaning LDH

¹² The NPI is a unique identification number for covered health care providers. Covered health care providers and all health plans and health care clearinghouses must use the NPIs in the administrative and financial transactions adopted under the Health Insurance Portability and Accountability Act (HIPAA).

¹³ LDH paid PMPMs totaling \$2,149,442 for 270 (71.0%) of these beneficiaries who had their addresses changed to out-of-state during the PHE. Since CMS only allowed states receiving the FMAP increase to terminate the coverage of beneficiaries who lived out-of-state when specific criteria was met, LDH would only have been able to terminate Medicaid coverage for these beneficiaries if the beneficiaries confirmed they no longer lived in-state or they appeared in a PARIS match.

¹⁴ LDH policies do allow for exceptions such as beneficiaries who leave the state but intend to return, students attending an out-of-state school, and individuals residing in an out-of-state institution.

was aware that the beneficiaries lived out-of-state but continued to pay PMPMs on their behalf. In addition, these beneficiaries received no services in the months after the beneficiary's address was changed to an out-of-state address. For example, we reviewed case files for multiple beneficiaries who appeared in our results and found the following:

- A beneficiary's address was changed to a Texas address in LDH's eligibility system in April 2019. LDH paid \$80,538 in PMPMs to MCEs on behalf of this beneficiary for the months of May 2019 through February 2023. This beneficiary received no services during this time. A review of this beneficiary's case notes found that LDH only attempted to contact them one time between June 2019 and February 2023. As of July 20, 2023, this beneficiary was still enrolled in Louisiana's Medicaid program.
- A beneficiary's address was changed to a Texas address in LDH's eligibility system in March 2020 due to returned mail with a forwarding address. LDH paid \$63,107 in PMPMs to MCEs on behalf of this beneficiary for the months of April 2020 through February 2023. This beneficiary received no services during this time. A review of this beneficiary's case notes found that, after LDH extended the beneficiary's Medicaid coverage in March 2020 due to the PHE, LDH only attempted to contact them two times between April 2020 and March 2023. However, the beneficiary's case was not closed until April 2023.

LDH paid MCEs \$699,271 in PMPMs for 56 beneficiaries during the months after the beneficiaries' addresses were changed in LDH's eligibility system as living out-of-state. In addition, these beneficiaries received \$92,087 of services from providers located out-of-state in the months after LDH identified them as living out-of-state. While similar to the beneficiaries described in the previous section of this report, these beneficiaries *only* received services from providers located out-of-state after LDH identified the beneficiaries as living out-of-state. For example, we reviewed case files for multiple beneficiaries who appeared in our results and found the following:

- A beneficiary's address was changed to a Mississippi address in December 2019. LDH paid \$67,976 in PMPMs to MCEs on behalf of this beneficiary for the months of January 2020 through February 2023. This beneficiary never received services in Louisiana but received \$730 of services after December 2019 in Mississippi, which is the same state that LDH's eligibility system shows as the beneficiary's state of residence. A review of this beneficiary's case notes found that LDH only attempted to contact them two times between January 2020 and February 2023. As of July 20, 2023, this beneficiary was still enrolled in Louisiana's Medicaid program.

- A beneficiary's address was changed to a Mississippi address in May 2021. LDH paid \$37,586 in PMPMs to MCEs on behalf of this beneficiary for the months of June 2021 through February 2023. This beneficiary received no services in Louisiana after August 2020 but received \$58,353 of services from December 2020 through November 2022 in Mississippi, which is the same state that LDH's eligibility system shows as the beneficiary's state of residence. A review of this beneficiary's case notes found that while their Medicaid coverage was authorized for closure in May 2021, it was not closed until May 2023.

While LDH uses the Public Assistance Reporting Information System (PARIS) to identify Louisiana Medicaid beneficiaries who are concurrently enrolled in Medicaid in other states, it does not always remove beneficiaries from Medicaid when PARIS indicates the beneficiary lives out-of-state and LDH's eligibility system lists the address as out-of-state. Federal law¹⁵ requires all state Medicaid agencies to have eligibility determination systems that provide for data matching through PARIS, which performs three distinct data matches. One of these matches identifies Medicaid beneficiaries who are concurrently enrolled in two or more state Medicaid programs. LDH sends active cases to PARIS quarterly and receives results for any matches identified, after which LDH standard operating procedures require staff to act on these PARIS matches. Federal regulations¹⁶ require Louisiana Medicaid to reinstate any Medicaid beneficiary's enrollment retroactive to the date of termination if the beneficiary later provides information verifying Louisiana residency.

While CMS did not allow LDH to terminate Medicaid coverage for beneficiaries who moved out-of-state during the PHE unless it received confirmation from them, CMS did provide for one exception where a beneficiary's coverage could be terminated without receiving confirmation. This exception involved instances where LDH received a PARIS match for a beneficiary who subsequently failed to respond to requests for information from LDH regarding their residency. We identified 68 instances where LDH received a PARIS match for beneficiaries between July 2020 and January 2023 who were listed as living out-of-state in LDH's eligibility system. We reviewed multiple cases for these beneficiaries and found that LDH did not always contact the other states or the beneficiary to determine the state of residence as required by LDH operating procedures. LDH paid PMPMs totaling \$328,392 for these 68 beneficiaries during the months after they were listed as living out-of-state in LDH's eligibility system.

Recommendation 1: LDH should ensure that those beneficiaries identified as residing out-of-state in its eligibility systems and no longer qualify for Louisiana Medicaid are removed from the program.

Summary of Management's Response: LDH agreed with this recommendation and stated that guidance from CMS during the PHE made

¹⁵ Public Law No: 110-379

¹⁶ 42 Code of Federal Regulations (CFR) 433.400

the process to terminate coverage more complex. LDH further stated that it was very careful in allowing closures during the PHE as to not jeopardize the increased federal match rate. See Appendix A for LDH's full response.

Recommendation 2: LDH should ensure that it properly follows procedures for reviewing PARIS matches.

Summary of Management's Response: LDH agreed with this recommendation and stated that it will review existing operating procedures for PARIS matches for accuracy and completeness and conduct training on proper procedures for PARIS matches. See Appendix A for LDH's full response.

LDH paid approximately \$109.5 million in PMPMs for 13,391 beneficiaries^{17,18} from September 2016 through February 2023 who, according to Louisiana Office of Motor Vehicles (OMV) data, obtained a driver's license in another state.

Based on research of other state's driver's license agency policies, all states appear to require individuals to reside in-state to obtain a driver's license. In addition, federal regulations only allow individuals to obtain a REAL ID or REAL driver's license from their state of residence. Because of this, driver's license data and information can be a key tool in determining the residency of Medicaid beneficiaries. There is a nationwide agreement between 45 states, known as the Driver's License Compact, under which states agree to notify each other when a driver from one state obtains a driver's license in another state.

When an individual with a Louisiana driver's license obtains a driver's license in another state, that state's driver's licensing agency sends a notification to Louisiana's OMV. Thirty-eight states (84.4%), including Louisiana, send these notifications electronically, while other states send hard copies monthly or quarterly. When OMV receives these notices, it updates its database so those individuals are identified as having an out-of-state driver's license. LDH has not historically had access to driver's license data, and Louisiana is one of 42 (84.0%) states that do not use motor vehicle data to verify the residency of Medicaid beneficiaries according to state Medicaid verification plans. LDH policy states that

¹⁷ LDH paid PMPMs totaling \$67,051,992 for 10,162 (75.8%) of these beneficiaries who obtained out-of-state driver's licenses during the PHE. Since CMS only allowed states receiving the FMAP increase to terminate the coverage of beneficiaries who lived out-of-state when specific criteria was met, LDH would only have been able to terminate Medicaid coverage for these beneficiaries if the beneficiaries confirmed they no longer lived in-state or they appeared in a PARIS match.

¹⁸ LDH paid PMPMs totaling \$7,422,615 for 946 (7.0%) of these beneficiaries during the months after they obtained an out-of-state driver's license and who also appeared in at least one PARIS match as being concurrently enrolled in Medicaid programs in other states between February 2020 and January 2023.

the results of a data match that bring an applicant or beneficiary's residency into question will prompt LDH to request documentation proving their residency. According to LDH staff, LDH cannot retroactively terminate Medicaid coverage and recover PMPMs for beneficiaries it identifies as no longer eligible unless they commit fraud, so it is important to use front-end data sources, such as driver's license data, to identify beneficiaries who are potentially ineligible as soon as possible.

LDH paid \$84,261,731 in PMPMs for 11,107 beneficiaries who received no services beginning in the month after the out-of-state notification was received. In some cases, we found that these Medicaid beneficiaries were auto-enrolled in Medicaid based on them having Supplemental Security Income (SSI) or qualifying for other Medicaid programs. In reviewing case files for these individuals, we found that in many cases there was little or no record of contact made with the Medicaid beneficiaries, indicating they may not have even known they were enrolled in Medicaid. We reviewed case files for multiple beneficiaries who appeared in our results and found the following:

- A beneficiary obtained a driver's license in New York in October 2015. LDH paid \$102,543 in PMPMs to MCEs on behalf of this beneficiary for the months of December 2017 through February 2023. This beneficiary received no services during this time. As of July 20, 2023, this beneficiary was still enrolled in Louisiana's Medicaid program.
- Two beneficiaries living in the same household obtained driver licenses in Oregon in November 2021 and February 2022. LDH paid PMPMs of \$9,773 and \$7,689 to MCEs on behalf of these beneficiaries for the months of December 2021 through February 2023 and March 2022 through February 2023. These beneficiaries received no services during these periods of time. As of July 20, 2023, these beneficiaries were still enrolled in Louisiana's Medicaid program.

LDH paid \$25,335,445 in PMPMs for 2,284 beneficiaries who only received services from providers located outside of Louisiana after the beneficiaries' out-of-state driver's license notifications were received. MCEs paid \$2,803,128 for services provided to these beneficiaries by providers located out-of-state after the beneficiaries obtained driver's licenses in other states. While similar to the beneficiaries described in the previous section of this report, these beneficiaries *only* received services from providers located out-of-state after they obtained an out-of-state driver's license. For example, we reviewed case files for multiple beneficiaries who appeared in our results and found the following:

- A beneficiary's mailing address was changed to a Florida address in LDH's eligibility system in April 2018. This beneficiary obtained a driver's license in Florida in December 2018. LDH paid \$28,296 in PMPMs to MCEs on behalf of this beneficiary for the months of January 2019 through February 2023. This beneficiary received no services in Louisiana after April 2018 but received \$93,393 of services from May

2019 through August 2022 in Florida, which is the same state in which they obtained a driver's license and which LDH's eligibility system lists as their mailing address. As of July 20, 2023, this beneficiary was still enrolled in Louisiana's Medicaid program.

- A beneficiary obtained a driver's license in Mississippi in May 2021. LDH paid \$9,463 in PMPMs to MCEs on behalf of this beneficiary for the months of June 2021 through February 2023. This beneficiary received no services in Louisiana after February 2020 but received \$337,230 of services after May 2021 in Mississippi, which is the same state in which they obtained a driver's license. As of July 20, 2023, this beneficiary was still enrolled in Louisiana's Medicaid program.

Recommendation 3: LDH should obtain and incorporate OMV data into its eligibility determination process to identify Medicaid beneficiaries who potentially live out-of-state.

Summary of Management's Response: LDH agreed with this recommendation and stated that it is currently in the process of implementing an additional data match for certain Medicaid eligibility factors that will include information from OMV. See Appendix A for LDH's full response.

LDH could strengthen its eligibility process by utilizing Medicaid data and CMS' NPI database to identify Medicaid beneficiaries who are enrolled in Louisiana's Medicaid program but only receive services from out-of-state providers.

An NPI is a unique identification number for health care providers assigned by the United States Department of Health and Human Services. CMS maintains an NPI database, which is publicly-available and identifies both individual and business NPIs. Included in this database is the practicing location of each service provider for all 50 states. As part of obtaining an NPI number, CMS requires all providers in the United States to register the address at which they will practice/provide services.

Prior to January 2023, LDH did not review Medicaid beneficiary service utilization to identify trends such as beneficiaries who receive no services for long periods of time or who only receive services from providers located out-of-state. In January 2023, LDH stated that it began analyzing beneficiaries who only receive services from out-of-state providers. This is important because beneficiaries have the option to change MCEs each year, so LDH is the only entity that has service utilization data for all beneficiaries' enrollment periods. In addition, LDH staff stated that LDH cannot retroactively terminate Medicaid coverage and recover PMPMs for beneficiaries it identifies as no longer eligible unless they commit fraud, so it is

important to use front-end data sources to identify beneficiaries who are potentially ineligible as soon as possible.

We analyzed service utilization data and found that LDH paid MCEs \$38,406,124 in PMPMs¹⁹ for 3,633 beneficiaries enrolled in Louisiana’s Medicaid program between May 2017 and February 2023 who only received services from out-of-state providers, which totaled \$3,949,917.

Joining the provider’s practice location contained in CMS’ NPI database with LDH’s Medicaid claims and encounter data would allow LDH to identify the locations where beneficiaries are receiving their services. Individuals who are identified as receiving all of their services out-of-state could then be flagged to have their residency reviewed. For example, we reviewed case files for multiple beneficiaries and found the following:

- A beneficiary was automatically enrolled in Louisiana’s Medicaid program in June 2018 because they received SSI. LDH paid \$86,157 in PMPMs to MCEs on behalf of this beneficiary for the months of December 2018 through February 2023. This beneficiary never received services in Louisiana but received \$762 of services in Mississippi from December 2018 through April 2019.²⁰ According to third-party data sources, Mississippi is the state in which this beneficiary has resided since prior to April 2017. As of July 20, 2023, this beneficiary was still enrolled in Louisiana’s Medicaid program.
- A beneficiary was enrolled in Louisiana’s Medicaid program in July 2017. LDH paid \$16,396 in PMPMs to MCEs on behalf of this beneficiary for the months of October 2020 through February 2023. This beneficiary never received services in Louisiana but received \$76,872 of services in Florida from October 2020 through September 2022.²¹ According to third-party data sources, Florida is the state in which this beneficiary has resided since prior to September 2020. A review of this beneficiary’s case notes found that their Medicaid coverage was closed in June 2023, but no cause for the closure was listed.

Recommendation 4: LDH should incorporate analyses of CMS’ NPI database and its claims and encounter data to identify Medicaid beneficiaries who potentially live out-of-state.

Summary of Management’s Response: LDH disagreed with this recommendation and stated that its Medicaid Program Integrity section routinely reviews claims and encounter data to identify beneficiaries who potentially live out-of-state. See Appendix A for LDH’s full response.

¹⁹ Our analysis only included PMPMs paid for months occurring after the month in which the beneficiary first received services from providers located out-of-state.

²⁰ This beneficiary has received no services through Louisiana’s Medicaid program since April 2019.

²¹ This beneficiary has received no services through Louisiana’s Medicaid program since September 2022.

APPENDIX A: MANAGEMENT'S RESPONSE



State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

August 10, 2023

Mr. Michael J. "Mike" Waguespack, CPA
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Re: Medicaid Residency Performance Audit

Dear Mr. Waguespack:

Thank you for the opportunity to respond to the findings of your Audit on Medicaid Residency. LDH is committed to ensuring practices, procedures and systems are in place to remove beneficiaries from Medicaid enrollment who are no longer state residents in accordance with CMS policy.

Finding 1: LDH paid approximately \$3.0 million in PMPMs for 380 beneficiaries from June 2019 through February 2023 identified as residing out-of-state in LDH's eligibility system.

***Recommendation 1:** LDH should ensure that those beneficiaries identified as residing out-of-state in its eligibility systems and no longer qualify for Louisiana Medicaid are removed.*

LDH Response: LDH concurs with this recommendation. A large portion of this time period occurred during the COVID-19 Public Health Emergency (PHE). LDH made many changes to the eligibility system to prevent closures per the Families First Coronavirus Response Act (FFCRA) to receive an increase in the federal share of reimbursement for Medicaid costs. While the FFCRA did allow for terminations of those who were no longer state residents, as pointed out by the audit team, guidance from the Centers for Medicare and Medicaid Services (CMS) during the PHE made the process more complex. CMS stated that Medicaid agencies could not terminate coverage unless it received confirmation from the beneficiary that they no longer lived in Louisiana. This prevented the previous practice of using external sources such as returned mail from the post office to initiate termination. LDH was very careful in allowing closures during the PHE as to not jeopardize the increase federal match rate.

A.1

Corrective Action: LDH will review the 300+ beneficiaries in the LLA's audit to confirm the out of state address and terminate coverage. LDH will implement a process to review out of state addresses that are added into the eligibility system to ensure these cases are closed timely.

Recommendation 2: LDH should ensure that it properly follow procedures for reviewing PARIS matches.

LDH Response: LDH concurs with this recommendation.

Corrective Action: LDH will review existing operating procedures for PARIS matches for accuracy and completeness and present to eligibility staff during one of the regularly scheduled eligibility updates conducted. In addition, LDH will ensure regular training for eligibility team members on the proper procedures for reviewing PARIS matches.

Finding 2: LDH paid approximately \$109.5 million in PMPMs for 13,391 beneficiaries from September 2016 through February 2023 who, according to Louisiana Office of Motor Vehicles (OMV) data, obtained a driver's license in another state.

Recommendation 3: LDH should obtain and incorporate OMV data into its eligibility determination process to identify Medicaid beneficiaries who potentially live out-of-state.

LDH Response: LDH concurs with this recommendation. .

Corrective Action: LDH is currently in the process of implementing an additional data match for certain Medicaid eligibility factors that will include information from OMV.

Finding 3: LDH could strengthen its eligibility process by utilizing Medicaid data and CMS' NPI database to identify Medicaid beneficiaries who are enrolled in Louisiana's Medicaid program but only receive services from out-of-state providers.

Recommendation 4: LDH should incorporate analyses of CMS' NPI database and its claims and encounter data to identify Medicaid beneficiaries who potentially live out-of-state.

LDH Response: LDH does not concur with this recommendation.

Medicaid Program Integrity section routinely review claims and encounter data to identify Medicaid beneficiaries who potentially live out-of-state. There are circumstances when out of state claims are appropriate. This includes emergencies, children living out of state for

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school, children living out of state part time due to custodial agreements, and Medicaid members living close to state borders.

If you have questions, you may contact Rhett Decoteau, Medicaid Section Chief at (225) 922-0500 or via email at Rhett.Decoteau@LA.gov with any questions regarding this audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen R. Russo".

Stephen R. Russo, JD
Secretary
SR/tl

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our data analytics unit audit of the Louisiana Department of Health (LDH). We conducted this audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered the period of July 1, 2016, through March 31, 2023. Our audit objective was:

To analyze processes used by LDH to identify and remove Medicaid beneficiaries who no longer reside in Louisiana and no longer qualify.

To conduct this analysis, we performed the following steps:

- Researched relevant federal and state laws, rules, and regulations.
- Researched relevant LDH policies, procedures, and informational bulletins.
- Researched relevant Centers for Medicare and Medicaid Services (CMS) policies, procedures, and other documentation.
- Researched and compared Medicaid verification plans for each of the 50 states and the District of Columbia to current Louisiana standards in regards to the frequency and use of OMV data.
- Met with LDH staff to gain an understanding of the processes it uses to identify and remove Medicaid beneficiaries who no longer reside in Louisiana.
- Obtained Medicaid data from LDH, including claims and encounters and beneficiary eligibility information. This included information from LDH's eligibility tables that identifies the physical address of each Medicaid beneficiary. We obtained the monthly snapshot of this file from March 2019 through March 2023 to identify when LDH knew the Medicaid beneficiary resided out-of-state.
- Obtained Medicaid monthly enrollment numbers from LDH's website.
- Met with LDH and Louisiana Department of Children and Family Services (DCFS) staff to gain an understanding their roles in the Public Assistance Reporting Information System (PARIS) match.
- Obtained PARIS data from LDH for the period of February 2020 through January 2023 to identify instances where beneficiaries that appeared in our results also appeared in PARIS results.

- Obtained driver's license data and motor vehicle registration data from the Louisiana Office of Motor Vehicles (OMV).
- Met with OMV staff to gain an understanding of its role in the Driver's License Compact and how out-of-state driver's license notifications are received and documented in OMV systems.
- Researched other state's OMV-equivalent agency policies to determine requirements for obtaining driver's licenses in each state.
- Obtained the National Provider Identification database from CMS' website.
- Used SQL, Audit Command Language, and Excel to analyze Medicaid data to determine compliance with state and federal laws and regulations and to determine whether OMV data could assist LDH in its efforts to identify out-of-state Medicaid beneficiaries.
- Excluded all beneficiaries under age 21 during the month in which they appeared to have moved out-of-state.
- Analyzed driver's license and vehicle registration data from OMV to ensure individuals captured in Medicaid and OMV data were truly the same people.
- Excluded beneficiaries with out-of-state addresses listed in LDH's eligibility system if they:
 - Changed their address to a Louisiana address after the date their out-of-state address was entered into LDH's eligibility system, or
 - Had any Medicaid claims in Louisiana after the date their address was listed as an out-of-state address in LDH's eligibility system, or
 - Had three or less months of PMPMs after their address was listed as an out-of-state address in LDH's eligibility system.
- Excluded the first three months of PMPMs from the reported results for all beneficiaries identified as having an out-of-state address in LDH's eligibility system to account for the amount of time that LDH may need to determine if a beneficiary lived out-of-state.
- Excluded beneficiaries with out-of-state driver's license notifications if they:
 - Were issued a Louisiana driver's license or identification card after the date of their out-of-state driver's license notification, or

- Had a vehicle registration transaction in Louisiana after the date of their out-of-state driver's license notification, or
 - Had any Medicaid claims in Louisiana after the date of their out-of-state driver's license notification, or
 - Had three or less months of PMPMs after the date of their out-of-state driver's license notification.
- Reviewed multiple cases for beneficiaries identified by each of the three analyses performed.
 - Discussed and provided the results of our analyses to LDH management.

APPENDIX C: MONTHLY MEDICAID ENROLLMENT FROM JULY 2015 THROUGH JUNE 2023

Year/Month	Enrollment	Monthly Change	Monthly % Change
July 2015	1,376,869		
August 2015	1,386,152	9,283	0.67%
September 2015	1,392,583	6,431	0.46%
October 2015	1,396,773	4,190	0.30%
November 2015	1,392,235	-4,538	-0.32%
December 2015	1,391,538	-697	-0.05%
January 2016	1,393,111	1,573	0.11%
February 2016	1,399,169	6,058	0.43%
March 2016	1,396,151	-3,018	-0.22%
April 2016	1,392,636	-3,515	-0.25%
May 2016	1,394,133	1,497	0.11%
June 2016	1,412,011	17,878	1.28%
July 2016	1,448,703	36,692	2.60%
August 2016	1,483,997	35,294	2.44%
September 2016	1,489,750	5,753	0.39%
October 2016	1,510,314	20,564	1.38%
November 2016	1,528,923	18,609	1.23%
December 2016	1,544,748	15,825	1.04%
January 2017	1,562,504	17,756	1.15%
February 2017	1,573,521	11,017	0.71%
March 2017	1,577,645	4,124	0.26%
April 2017	1,580,101	2,456	0.16%
May 2017	1,582,411	2,310	0.15%
June 2017	1,581,306	-1,105	-0.07%
July 2017	1,583,198	1,892	0.12%
August 2017	1,578,858	-4,340	-0.27%
September 2017	1,580,179	1,321	0.08%
October 2017	1,581,148	969	0.06%
November 2017	1,584,231	3,083	0.19%
December 2017	1,591,323	7,092	0.45%
January 2018	1,595,161	3,838	0.24%
February 2018	1,599,265	4,104	0.26%
March 2018	1,598,376	-889	-0.06%
April 2018	1,597,412	-964	-0.06%
May 2018	1,593,369	-4,043	-0.25%

Year/Month	Enrollment	Monthly Change	Monthly % Change
June 2018	1,590,511	-2,858	-0.18%
July 2018	1,590,126	-385	-0.02%
August 2018	1,597,083	6,957	0.44%
September 2018	1,600,602	3,519	0.22%
October 2018	1,606,353	5,751	0.36%
November 2018	1,637,830	31,477	1.96%
December 2018	1,649,518	11,688	0.71%
January 2019	1,663,503	13,985	0.85%
February 2019	1,663,069	-434	-0.03%
March 2019	1,661,963	-1,106	-0.07%
April 2019	1,598,236	-63,727	-3.83%
May 2019	1,587,355	-10,881	-0.68%
June 2019	1,556,584	-30,771	-1.94%
July 2019	1,562,379	5,795	0.37%
August 2019	1,588,048	25,669	1.64%
September 2019	1,601,785	13,737	0.87%
October 2019	1,609,342	7,557	0.47%
November 2019	1,588,884	-20,458	-1.27%
December 2019	1,581,925	-6,959	-0.44%
January 2020	1,606,372	24,447	1.55%
February 2020	1,604,957	-1,415	-0.09%
March 2020	1,616,614	11,657	0.73%
April 2020	1,650,271	33,657	2.08%
May 2020	1,674,652	24,381	1.48%
June 2020	1,698,699	24,047	1.44%
July 2020	1,721,489	22,790	1.34%
August 2020	1,742,690	21,201	1.23%
September 2020	1,762,454	19,764	1.13%
October 2020	1,778,703	16,249	0.92%
November 2020	1,797,193	18,490	1.04%
December 2020	1,817,530	20,337	1.13%
January 2021	1,830,586	13,056	0.72%
February 2021	1,841,513	10,927	0.60%
March 2021	1,854,714	13,201	0.72%
April 2021	1,864,487	9,773	0.53%
May 2021	1,873,294	8,807	0.47%
June 2021	1,882,486	9,192	0.49%
July 2021	1,893,310	10,824	0.57%
August 2021	1,904,776	11,466	0.61%
September 2021	1,910,956	6,180	0.32%

Year/Month	Enrollment	Monthly Change	Monthly % Change
October 2021	1,919,714	8,758	0.46%
November 2021	1,927,833	8,119	0.42%
December 2021	1,937,265	9,432	0.49%
January 2022	1,946,322	9,057	0.47%
February 2022	1,951,143	4,821	0.25%
March 2022	1,958,037	6,894	0.35%
April 2022	1,965,265	7,228	0.37%
May 2022	1,968,349	3,084	0.16%
June 2022	1,974,812	6,463	0.33%
July 2022	1,982,593	7,781	0.39%
August 2022	1,991,308	8,715	0.44%
September 2022	1,998,519	7,211	0.36%
October 2022	2,005,242	6,723	0.34%
November 2022	2,014,452	9,210	0.46%
December 2022	2,023,866	9,414	0.47%
January 2023	2,032,783	8,917	0.44%
February 2023	2,038,391	5,608	0.28%
March 2023	2,045,359	6,968	0.34%
April 2023	2,050,521	5,162	0.25%
May 2023	2,055,782	5,261	0.26%
June 2023	2,052,605	-3,177	-0.15%

Source: Prepared by legislative auditor's staff using information from LDH's website.