

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL

**MEDICAID PAYMENTS FOR
DECEASED CLIENTS**

*Inspection of Capitation Payments Made for Deceased
Clients in the Texas Medicaid System*



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OIG Report No. INS-17-005



HHSC OIG

TEXAS HEALTH AND HUMAN
SERVICES COMMISSION

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MEDICAID PAYMENTS FOR DECEASED CLIENTS: *Inspection of Capitation Payments Made for Deceased Clients in the Texas Medicaid System*

WHY THE OIG CONDUCTED THIS INSPECTION

An inspection was conducted to determine how Texas Medicaid can strengthen processes used to identify and recoup capitation payments for deceased clients. The inspection objectives were to:

1. Determine how Texas Medicaid identifies deceased clients.
2. Determine if Texas Medicaid effectively recoups capitation payments for deceased clients.

A federal audit report found that Texas Medicaid did not always stop making capitation payments after a client's death, despite efforts to identify and recover unallowable payments. The report stated between January 1, 2013, and December 31, 2015, Texas Medicaid paid \$6.4 million for 2,224 clients with death dates reported as prior to this period. HHSC requested a follow-up inspection to the federal audit to determine (a) what caused capitation payments to be made to MCOs for clients after their date of death, and (b) if HHSC made capitation payments for additional deceased clients.

WHAT THE OIG RECOMMENDS

The OIG recommends AES:

1. Enforce existing policies and procedures to end a deceased client's eligibility in TIERS and create a timeline for processing date of death information and alerts.
2. Establish an agreement with the Department of State Health Services Vital Statistics Unit for TWAs to obtain death certificates to better match deceased person with Medicaid clients.
3. Improve management oversight to prevent errors in deceased client's eligibility that result in erroneous capitation payments.
4. Properly adjust eligibility to reflect verified date of death information for the 215 confirmed deceased clients.

View the report online

For more information, contact:

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WHAT THE OIG FOUND

The OIG found that overall HHSC has effective processes to identify and adjust date of death information for Texas Medicaid clients. Death records are matched to eligible clients, as required by state law, and a Texas Works Advisor (TWA) will manually research and adjust eligibility, as necessary. However, the inspection revealed issues in the date of death adjustment process performed by TWAs in the Texas Integrated Eligibility Redesign System (TIERS), as well as issues with the management review process.

The OIG identified \$5.4 million in potentially erroneous capitation payments to managed care organizations (MCOs) for 484 deceased clients. Of the \$5.4 million, HHSC recouped a total of \$1,920,861 in capitation payments, due to corrections made for 126 of 484 deceased clients. Additionally, 93 clients have been referred to OIG General Investigations to determine if they received benefits from Texas Medicaid by enrolling with a fraudulent Social Security number.

The OIG Inspections Division made the following observations:

- TWAs do not consistently adjust date of death information.
- The Access and Eligibility Services (AES) management review process does not consistently catch errors on work done by TWAs on date of death matches.
- Eligibility of 215 confirmed deceased clients has not been correctly adjusted.

Analysis of the work completed by TWAs identified the following concerns:

- AES policy and training manuals do not clearly state the timeframe to complete processing of date of death information.
- Although AES has a policy and procedure in place directing how to end a deceased client's eligibility in TIERS, TWAs do not always follow it.
- There is a lack of access to tools to verify date of death information, such as death certificates or other reliable databases of public information that can be used to research client information.

The AES management oversight process failed to identify and correct the errors in the actions taken on 101 alerts generated.

Eligibility of 215 confirmed deceased clients has not been correctly adjusted, resulting in \$843,105 in potential erroneous payments for deceased clients.

These concerns led to four Inspections Division recommendations. AES agreed with all of the recommendations.

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I. PURPOSE AND OBJECTIVES

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Inspections Division conducted an inspection to determine how Texas Medicaid can strengthen processes used to identify and recoup capitation payments for deceased clients. The inspection focused on the following objectives:

- Determine how Texas Medicaid identifies deceased clients.
- Determine if Texas Medicaid effectively recoups capitation payments for deceased clients.

II. BACKGROUND

The U.S. Department of Health and Human Services (HHS), Office of Inspector General issued a report, *Texas Managed Care Organizations Received Medicaid Capitation Payments After Beneficiary's Death*,¹ which found “Texas Medicaid did not always stop making capitation payments² after a beneficiary’s death, despite its efforts to identify and recover any unallowable payments.” As of fiscal year 2016, approximately 4.6 million clients were enrolled in Texas Medicaid managed care organizations (MCOs), with a fiscal year expenditure of \$17 billion paid to MCOs.³ The HHS Office of Inspector General report stated that between January 1, 2013, and December 31, 2015, Texas Medicaid paid \$6.4 million for 2,224 clients with death dates reported as prior to this period.

In the required corrective action for the federal audit finding, HHS Office of Inspector General recommended that, “Texas Medicaid (1) identify and recover unallowable payments totaling \$1.8 million from MCOs and refund \$1 million (Federal share) to the Federal Government, (2) review capitation payments before and after the audit period for additional unallowable payments for the deceased beneficiaries, (3) work with Social Security Administration (SSA) to determine whether the 77 beneficiaries whose status could not be verified are deceased and recover any unallowable payments, and (4) strengthen its policies and procedures for identifying deceased beneficiaries and denying Medicaid benefits and ending eligibility to prevent future unallowable payments.”

HHSC requested the OIG Inspections Division conduct a follow-up inspection to the federal audit in order to determine (a) what caused capitation payments to be made to MCOs for clients after their date of death, and (b) if HHSC made capitation payments for additional deceased clients.

¹ November 2017, Report A-06-16-05004: <https://oig.hhs.gov/oas/reports/region6/61605004.pdf>

² A capitation payment is a monthly payment made from Texas Medicaid to an MCO to provide healthcare to a client.

³ Per HHSC System Forecasting division, as of October 2017

OIG Data and Technology (DAT) identified capitation payments paid for deceased clients through multiple eligibility database queries. One query identified 453 deceased clients with capitation payments made after their date of death. Another query identified 31 clients previously identified in the HHS Office of Inspector General report who continued to have capitation payments made after the audit report ended, from January 1, 2016, through May 31, 2017. The queries identified capitation payments totaling approximately \$5.4 million made for 484 deceased clients during the inspection period.⁴

Identification and Recoupment Process

Texas Medicaid is required by state law to match vital statistics death records with eligible Medicaid clients and remove deceased clients from the database each month.⁵ HHSC Access and Eligibility Services (AES) staff use the Texas Integrated Eligibility Redesign System (TIERS), which is the database of all Medicaid clients and includes all records of applications, whether approved or not. The HHSC Information Technology (IT) Social Services Applications Business Automation (BA) division provides technical assistance with TIERS, such as editing and reporting data. Date of death data is obtained from the AES 2-1-1 hotline and IT. The 2-1-1 hotline accepts calls from family, friends, or caregivers who report the death of a client. IT obtains date of death data from the Department of State Health Services (DSHS) Vital Statistics Unit (VSU) weekly and from the SSA monthly.

IT compiles the date of death data from VSU and SSA into an electronic file to send to BA. The VSU data is sent weekly, while a compilation of VSU and SSA data is sent monthly. BA processes the date of death data to match the date of death information to a client, resulting in either a perfect match or a non-perfect match.

A perfect match occurs when the date of death data matches client biographical data on all of the following: (1) date of birth (DOB); (2) Social Security number (SSN); (3) first five letters of the first name; and (4) first five letters of the last name. When a perfect match occurs, the information is automatically processed to dispose, or end, the client's eligibility in TIERS. Occasionally an alert is generated informing a Texas Works Advisor (TWA) in the AES Customer Care Center (CCC)⁶ to resolve an issue. For a perfect match, alert 810 requires the TWA to manually adjust and end the client's eligibility and alert 812 requires the TWA to verify a date of death discrepancy.

⁴ The inspection period covered data from May 1, 2015, through May 31, 2017.

⁵ Texas Government Code § 531.0214 Medicaid Data Collection System: (e) The commission shall ensure that the database system is used each month to match vital statistics unit death records with a list of persons eligible for Medicaid, and that each person who is deceased is promptly removed from the list of persons eligible for Medicaid.

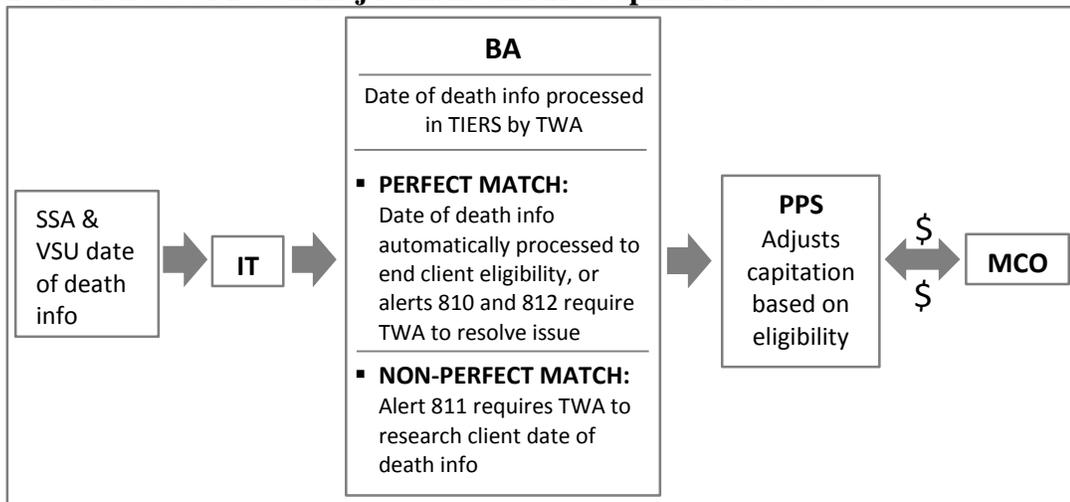
⁶ The CCC division handles issues identified by TWAs, including updating date of death information.

A non-perfect match occurs when any one of the four biographical data elements mentioned above do not match. When a non-perfect match occurs, alert 811 is generated, which requires the TWA to conduct research to match a TIERS client with the person on the date of death file.

To end a deceased client’s eligibility in TIERS, HHSC eligibility staff training manuals instruct the TWA to enter the date of death, run a check on the eligibility status, and submit the information in TIERS. The TWA must enter the date of death before ending the client’s eligibility in TIERS to avoid the case being locked from future adjustments.

BA sends all eligibility adjustments to the Medicaid and Children’s Health Insurance Program (CHIP) Services (MCS) Premiums Payable System (PPS) monthly.⁷ Eligibility adjustments made due to the date of death entries will cause capitation payments to stop. Any capitation payments made since the date of death will also be recouped up to 24 months retrospectively from the date the eligibility is adjusted.⁸ Table 1 shows the date of death adjustment and capitation payment recoupment process.

Table 1. Date of Death Adjustment and Recoupment Process



Source: OIG Inspections Division from information provided by BA and IT, as of October 2017

⁷ The data is sent from BA to PPS on the Medicaid cut-off date each month.

⁸ Due to system design and server data capacity, automated recoupment of capitation payments using Premiums Payable System is limited to a rolling 24-month time period.

III. INSPECTION RESULTS

Overall, the OIG Inspections Division found that HHSC has effective processes to identify and adjust date of death information for Texas Medicaid clients. Death records are matched to eligible clients, as required by state law, and a TWA will manually research and adjust eligibility, as necessary. However, the inspection revealed issues in the date of death adjustment process performed by TWAs in TIERS, as well as issues with the management review process.

The OIG Inspections Division identified \$5.4 million in potentially erroneous capitation payments to MCOs for 484 deceased clients. Of the \$5.4 million, HHSC recouped a total of \$1,920,861 in capitation payments, due to corrections made for 126 of 484 deceased clients. The remaining 358 of the 484 deceased clients have been identified for additional research totaling \$3,499,024 in potential erroneous payments; of that amount, \$321,526 has fallen outside the rolling 24-month period and cannot be recouped through PPS. Funds must be recovered another way if the payments fall outside the 24-month period. Additionally, 93 clients have been referred to OIG General Investigations to determine if they received benefits from Texas Medicaid by enrolling with a fraudulent SSN.

Observation 1: TWAs do not consistently adjust date of death information.

The inspection identified capitation payments made for 484 clients after their date of death. All 484 clients had a date of death reported by VSU or SSA. AES conducted analysis to determine how to adjust eligibility for these clients. AES ended eligibility for 306 clients, rather than entering the date of death correctly. An analysis of that work identified the following concerns:

AES ended eligibility rather than entering the date of death correctly for 306 clients, resulting in a potential loss to the state of \$2,355,722.

- AES policy and training manuals do not clearly state the timeframe to complete processing of date of death information.
- Although AES has a policy and procedure in place directing how to end a deceased client's eligibility in TIERS, TWAs do not always follow it.
- There is a lack of access to tools to verify date of death information, such as death certificates or other reliable databases of public information that can be used to research client information.

In order to end a deceased client's eligibility in TIERS, policy and training manuals require the TWA to enter the date of death, run a check on the eligibility status, and submit the information in TIERS. The TWA must enter the date of death before ending the client's eligibility to avoid "locking" the case in TIERS, which prevents

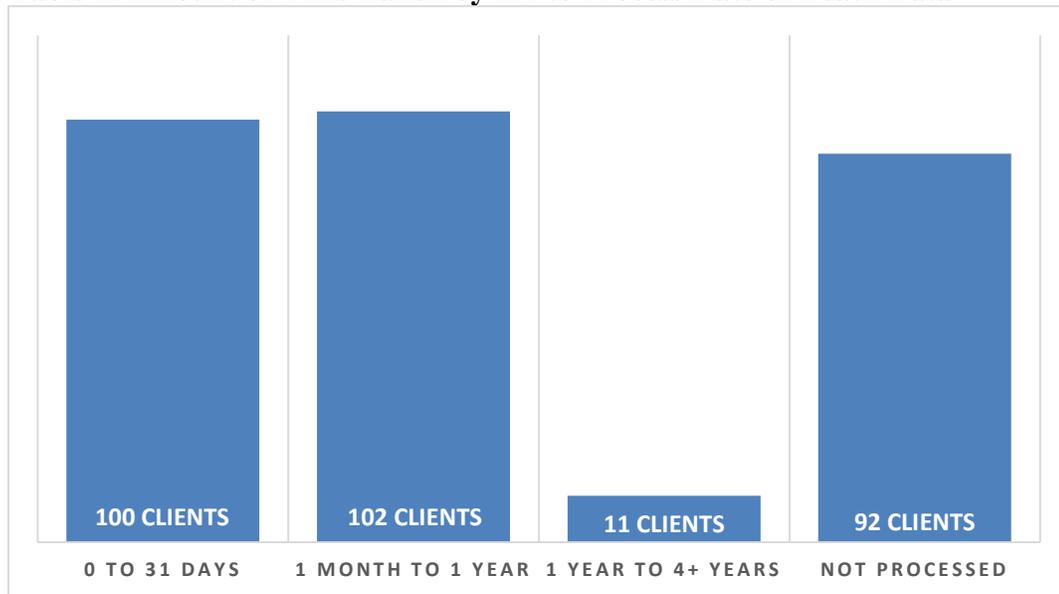
the TWA from making future adjustments.

The date of death for all 306 clients was obtained from VSU and sent from IT to BA for processing during the same month the death occurred. However, because the TWA entered the date of death incorrectly or not at all before ending the client’s eligibility, capitation payments continued to be made after the date of death and were not recouped. The capitation payments made after the clients’ date of death totaled \$2,355,722.

Lack of Clear Timeframe to Complete Processing of Date of Death Information

BA did not always process date of death information in a timely manner. Table 2 shows the amount of time taken by BA to process date of death information, which was received from IT the same month the death occurred, and the number of clients affected. Of the 306 clients, 1 date of death was erroneously entered a year prior to the client’s actual date of death; this client is not reflected in Table 2.

Table 2. Amount of Time Taken by BA to Process Date of Death Data



Source: OIG Inspections Division from data provided by BA TIERS query and Medicaid Fraud and Abuse Detection System (MFADS)⁹ database query, as of September 2017

Once BA processes the date of death information, the results will provide either a perfect match or a non-perfect match. When a perfect match occurs, the information is automatically processed to end the clients’ eligibility in TIERS. Alerts are generated for perfect matches and non-perfect matches. The alerts require a TWA to manually adjust, research, or verify the date of death information. TIERS generated

⁹ MFADS is a data warehouse with paid claims, encounter data, and supporting data, which includes Medicaid provider and client information.

an alert for 125 of the 306 clients in the sample analysis. AES policy and training manuals do not clearly state the timeframe required for the TWAs to complete processing alerts. Table 3 shows the amount of time taken for CCC-TWAs to process the 125 alerts generated by TIERS.

Table 3. Amount of Time Taken for CCC-TWAs to Process an Alert and Number of Alerts

	Alert 810	Alert 811	Alert 812
0 to 31 days	1	58	4
1 to 6 months	1	32	
6 months to 1 year		14	
1 to 4 years		10	
Cases still open		5	
<p>LEGEND:</p> <ul style="list-style-type: none"> • Alert 810 requires the TWA to manually adjust and end the client’s eligibility in TIERS. • Alert 811 requires the TWA to conduct research to match a TIERS client with the person on the date of death file. • Alert 812 requires the TWA to verify a date of death discrepancy. 			

Source: *OIG Inspections Division from data provided by BA TIERS query, as of September 2017*

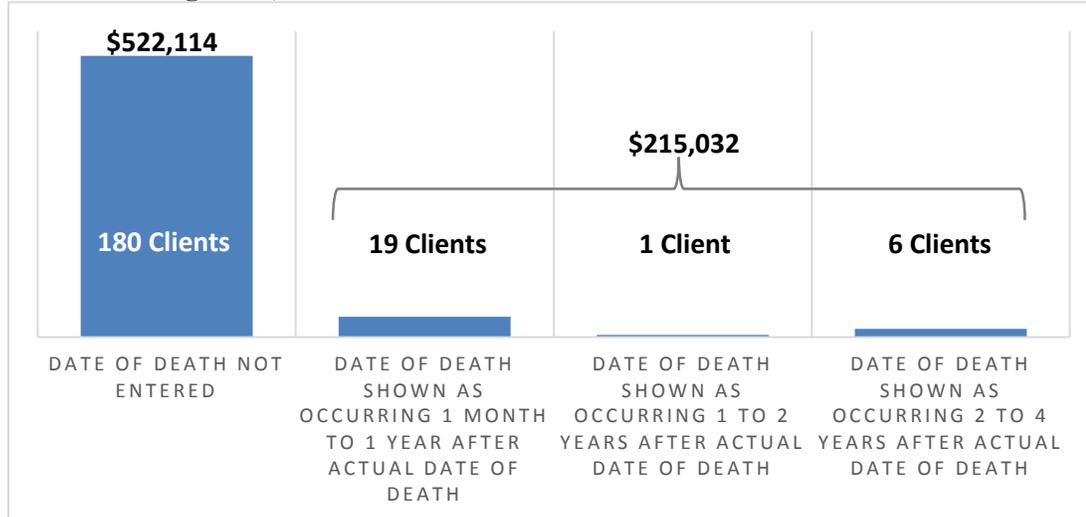
Policy to End a Deceased Client’s Eligibility in TIERS is Not Always Followed by TWAs

To end a deceased client’s eligibility in TIERS, the TWA is required to enter the date of death, run a check on the eligibility status, and submit the information in TIERS. If the TWA enters the date of death and ends eligibility for the client, the capitation payments will stop and any capitation payments made from the date of death will be automatically recouped.¹⁰ If the TWA fails to enter the date of death and only ends eligibility for the client, any capitation payments made from the date of death to the date eligibility was ended will not be recouped.

During the course of the inspection, AES adjusted the eligibility of 54 of the 306 clients whose eligibility was ended. Of the remaining 252 clients, AES confirmed 206 were deceased clients. The TWA did not enter the date of death for 180 clients, and although the TWA entered a date of death for the remaining 26 clients, they all had the wrong date of death. Table 4 shows a breakdown of the date of death errors made by the TWAs in TIERS for the 206 clients.

¹⁰ Due to system design and server data capacity, automated recoupment of capitation payments using PPS is limited to a rolling 24-month time period.

Table 4. 206 Clients with Wrong or No Date of Death, with Potential Loss to State Totaling \$737,146



Source: *OIG Inspections Division from data provided by AES analysis and DAT query, as of January 2018*

Lack of Access to Sufficient Tools to Determine Date of Death

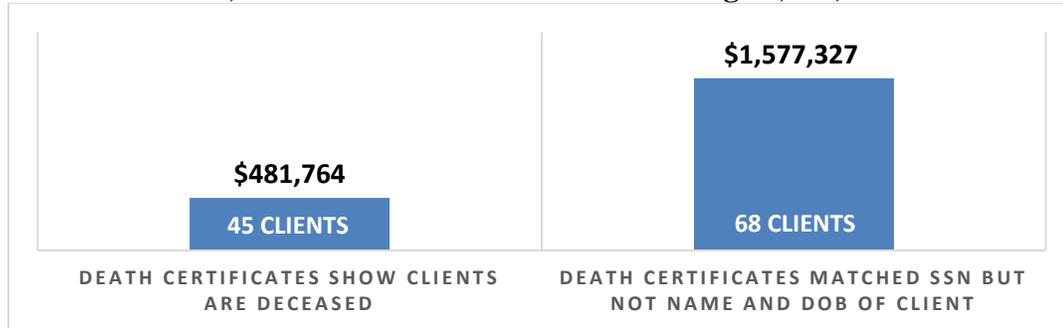
When processing alerts, TWAs typically rely on Google to research online obituaries for client date of death information. Interviews and observations indicated this is a historical practice, because no other tools are available to TWAs. A more accurate source of information would be a death certificate obtained from VSU. This would verify the identity of the client by name, DOB, SSN, and address. A death certificate that does not match the name or DOB of the client, but does match the SSN, indicates potential fraudulent use of an SSN.

TWAs should use VSU as the primary source to resolve conflicting date of death information. However, VSU only provides information on deaths that occur in Texas, while SSA provides date of death information nationwide. Therefore, TWAs should use SSA as a secondary source to resolve conflicting date of death information. Date of death data obtained from the AES 2-1-1 hotline should only be used to trigger greater oversight of the client’s eligibility.

AES took no action on 122 of the 484 clients inspected because they could not match the deceased person with the Medicaid client. The OIG Inspections Division requested death certificates from VSU for these 122 clients to confirm their eligibility status. Of these 122 clients, 9 death certificates were not obtained; 45 client identities were verified with a death certificate; and 68 clients matched the SSN but not the name and DOB of the person listed on the death certificate, indicating potential fraudulent use of an SSN. By obtaining a death certificate, AES can more accurately match a deceased person with a Medicaid client, as well as

identify potential fraudulent activity within Texas Medicaid. Table 5 shows the capitation payments lost due to inadequate research tools.

Table 5. Clients with Verified Death Certificates or Potential Use of Fraudulent SSN, with Potential Loss to State Totaling \$2,059,091



Source: OIG Inspections Division from data provided by BA TIERS query, MFADS database query, and VSU death certificates, as of November 2017

Using death certificates to determine the correct date of death will provide more accurate information. A potential recoupment of at least \$481,764 could be obtained from this inspection by using the death certificate. The 68 clients that did not match the name and DOB on the death certificate were referred to OIG General Investigations for further investigation.

Recommendation 1.1: AES should: (1) enforce existing policies and procedures to end a deceased client’s eligibility in TIERS and (2) create a timeline for processing date of death information and alerts.

Management Response:

During the course of the inspection, AES has implemented the following:

- Issued policy clarification regarding the pre-certification validation of social security numbers in October 2017.
- Implemented enhancements to the death notification and exception process in December 2017. HHSC began receiving an SDX death data mass update exception file monthly to process.
- Reviewed a file of 210 unprocessed Alert 810 death matches in March 2018 to ensure appropriate action was taken, and to collect review information that will be used to assist in the development of improved training for staff.
- Completed an end-to-end review of death information processing in March 2018.

Responsible Party:

Todd Byrnes, Deputy Associate Commissioner for Eligibility Operations

Implementation Plan:

Based on the end-to-end review recommendations, HHSC will implement the following:

- Convert the SDX death data mass update exception file assigned manually to the Alert 810 process.
- Improve training and reference material available to staff who process death data and alerts. Material will provide clear processes and timeframes.

HHSC will review additional long-term recommendations resulting from the end-to-end review of death data and alerts with leadership for final decisions on additional resolutions.

Implementation Dates:

Convert SDX exceptions to 810 Alerts - September 30, 2018.

Improve training and reference materials - September 30, 2018

Implement additional long term resolutions based on the end-to-end review - December 31, 2019.

Recommendation 1.2: AES should establish an agreement with DSHS-VSU for CCC-TWAs to obtain death certificates to better match deceased person with Medicaid clients.

Management Response:

As the report indicates, DSHS VSU provided death information for 45 of the 122 individuals. After further review, AES determined death information provided by DSHS VSU for 8 of the 45 individuals was not for the Medicaid recipient included in this inspection. Additionally, 7 of the 45 individuals had already been verified as deceased using existing verification sources.

Responsible Party:

Todd Byrnes, Deputy Associate Commissioner for Eligibility Operations

Implementation Plan:

Given these limitations, HHSC will assess the benefit of DSHS VSU access for staff.

Implementation Date:

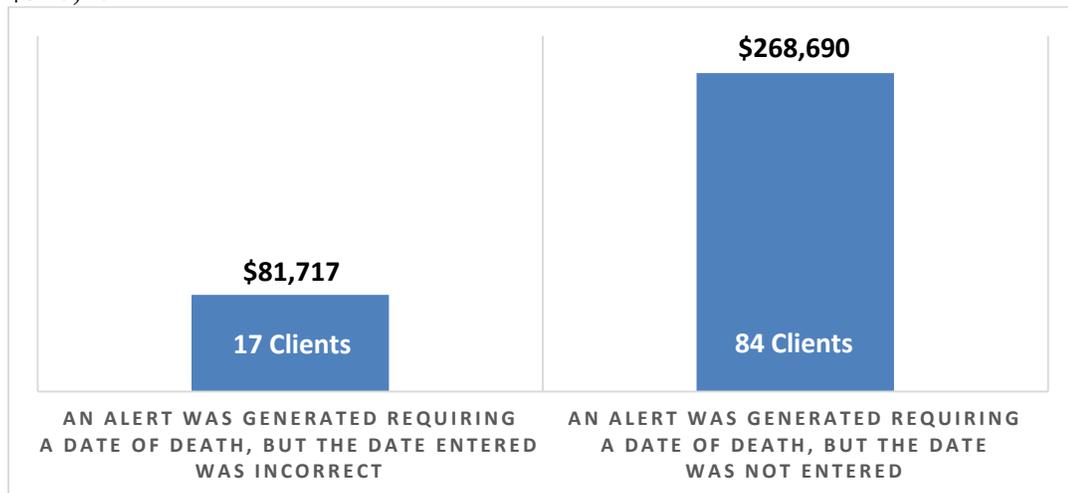
September 30, 2018

Observation 2: The AES management review process does not consistently catch errors on work done by CCC-TWA on date of death matches.

Policy requires a TWA manager to review a minimum of five actions every month for each TWA, without regard to the type of action (such as alert, renewal, or change) or type of program (such as Medicaid, Supplemental Nutrition Assistance Program, or Temporary Assistance for Needy Families). During the course of the inspection, AES adjusted the eligibility of 54 of the 306 clients whose eligibility was ended. Of the remaining 252 clients, an alert was generated for 102 clients. Of the 102 clients, 101 were confirmed as deceased clients during the inspection period.

Table 6 reflects a breakdown of the 101 clients showing an alert was generated for a TWA to enter a date of death and end eligibility. Errors were found in 100 percent of the 101 alerts. The TWA either failed to enter a date of death and end eligibility or they failed to enter a date of death that was correct. The management review process did not find the errors, which resulted in a potential loss to the state totaling \$350,407 in capitation payments paid for deceased clients.

Table 6. CCC-TWA Date of Death Data Entry Errors Not Identified in Current Management Review Process, with Potential Loss to State Totaling \$350,407



Source: OIG Inspections Division from data provided by BA TIERS query and MFADS database query, as of January 2018

Although AES policy requires a TWA manager to review a minimum of five actions every month for each TWA, the OIG Inspections Division found that the management review process did not find errors totaling \$350,407. Additional management oversight is necessary to ensure correct dates of death are entered and eligibility is correctly adjusted. This will ensure capitation payments are not paid in error and any erroneous payments can be properly recouped.

Recommendation 2: AES should improve management oversight to prevent errors in deceased client's eligibility that result in erroneous capitation payments.

Management Response:

In addition to the multiple reviews of the file IG provided AES for purposes of the audit, AES reviewed and addressed a file of 210 unprocessed Alert 810 death matches in March 2018. It was determined from the various reviews that improved death data and alert training material available to staff is needed. The material updated or developed will provide clear processes and timeframes. Upon completion of the updated materials, HHSC will issue a broadcast to regional leadership requiring staff review and understand the materials; fulfillment of this requirement will be monitored by State Office. Once staff complete the training, AES will validate the effectiveness of the training by pulling reports reflecting unprocessed alerts.

Responsible Party:

Todd Byrnes, Deputy Associate Commissioner for Eligibility Operations

Implementation Plan:

AES will continue the existing case review requirements of a minimum of five actions every month for each worker. Case readers, along with staff processing death data and alerts, will be among the staff required to review and understand the updated training materials.

Implementation Dates:

- Update training materials - September 30, 2018
- Confirmation of staff review of the new training/materials - October 31, 2018
- Validation - March 31, 2019

Observation 3: Eligibility of 215 confirmed deceased clients has not been correctly adjusted.

HHSC recouped a total of \$1,920,861 in capitation payments, due to corrections made for 126 of 484 deceased clients. Out of the remaining 358 clients, 215 need corrective action taken, with potential recovery of \$843,105.

As of January 2018, the date of death information has not been adjusted for 215 people identified as deceased clients during the inspection period. Of these, AES confirmed that 206 are deceased clients that need their eligibility corrected with the accurate date of death. AES agreed to adjust these, but adjustments have not been made, as of January 2018. The other nine clients were identified by the OIG Inspections Division as deceased using a death certificate.

Recommendation 3: AES should properly adjust eligibility to reflect the verified date of death information for the 215 confirmed deceased clients.

Management Response:

In discussions with the IG Inspector team, the 215 individuals were identified in the Premium Payment System because recoupment was not initiated. The team’s concern relates to a failure to recoup, which is not an issue over which AES has control. AES performed its duty by updating, or requesting the update, of death information in TIERS where appropriate by January 30, 2018. But AES eligibility staff are unable to make case updates to cases in a denied status. For this situation, AES sent a list of individuals and their death information to HHSC IT for death information to be added through an automated process. IG inspectors indicate the 215 are individuals for whom HHSC has not initiated recoupment for capitation payments in the Premium Payment System (PPS). The recoupment process is outside the eligibility process; rather, AES adjusts the eligibility in TIERS, which triggers the recoupment process between TIERS and PPS. AES has no visibility into those interfaces or that process. The table below provides the specific actions taken by AES for each of the 215 individuals:

215 Total Individuals	Dispositions/Final Outcomes
196	Individuals’ cases were denied. AES requested death information updated in TIERS through an automated process in January 2018. TIERS has DOD information for 193 of these individuals.
7	Individuals determined not to be deceased.
6	Final AES review indicated no recoupment needed.
5	AES updated DOD information in TIERS.
1	Individual has ME - SSI eligibility only. ME-SSI eligibility is determined by SSA.

Responsible Party:

Todd Byrnes, Deputy Associate Commissioner for Eligibility Operations

Implementation Plan:

N/A

Implementation Date:

Fully Implemented

IV. CONCLUSION

The OIG Inspections Division completed an inspection to determine how Texas Medicaid can strengthen processes used to identify and recoup capitation payments for deceased clients.

The OIG Inspections Division found that overall, HHSC has effective processes to identify and adjust date of death information for Texas Medicaid clients. Death records are matched to eligible clients, as required by state law, and a TWA will manually research and adjust eligibility, as necessary. However, the inspection revealed issues in the date of death adjustment process performed by TWAs in TIERS, as well as issues with the management review process. The OIG Inspections Division made the following observations:

- TWAs do not consistently adjust date of death information.
- The AES management review process does not consistently catch errors on work done by CCC-TWAs on date of death matches.
- Eligibility of 215 confirmed deceased clients has not been correctly adjusted.

The OIG Inspections Division recommends that AES should:

- Enforce existing policies and procedures to end a deceased client's eligibility in TIERS and create a timeline for processing date of death information and alerts.
- Establish an agreement with DSHS-VSU for CCC-TWAs to obtain death certificates to better match deceased person with Medicaid clients.
- Improve management oversight to prevent errors in deceased client's eligibility that result in erroneous capitation payments.
- Properly adjust eligibility to reflect verified date of death information for the 215 confirmed deceased clients.

The OIG Inspections Division thanks HHSC Access and Eligibility Services, HHSC Social Services Applications Business Automation, OIG Data and Technology, Information Technology, Premiums Payable System staff, and DSHS Vital Statistics Unit for their cooperation and assistance during this inspection.

V. APPENDICES

Appendix A: Detailed Methodology

Data Sources

The OIG Inspections Division interviewed and obtained information from HHSC staff with knowledge of relevant eligibility policies, processes, and practices, including representatives from the following organizations:

- Access and Eligibility Services (AES), including eligibility staff located at various offices
 - Customer Care Center (CCC) division
 - Data Integrity (DI) division
- HHSC Social Services Applications Business Automation (BA) division, which provides technical assistance with the TIERS program
- Medicaid and CHIP Services (MCS), which provides direction and oversight to Premiums Payable System (PPS) - responsible for payments directed to MCOs
- Social Security Administration (SSA)
- Vital Statistics Unit (VSU)

Applicable federal and state regulations, data, and reports were reviewed, including:

- Texas Health and Safety Code – Title 3 – Death Records
- SSA – Reports of Death General GN 02602.050
- Texas Government Code Section 531.0214 – Medicaid Data Collection System

Data Collection and Analysis

Date-of-Death Information

Inspectors analyzed date of death information to determine how authorities are notified of a death, what sources collect the information, how death information is reported to government agencies, what policies impact the process, and how Texas Medicaid processes the date of death information. The OIG Inspections Division interviewed numerous sources to determine how the information is collected, reviewed for accuracy, dispersed, and processed by Texas Medicaid, including funeral home directors, a justice of the peace, a medical examiner, a VSU registrar, and TWAs. The OIG Inspections Division used this analysis to determine where potential problems may occur with Texas Medicaid obtaining accurate and timely date of death information. Texas Medicaid obtains client date of death information from the following sources:

a. VSU

Texas Health and Safety Code, Sections 193.002 and 193.003, require a person in charge of internment or removal of a body to file a death certificate with the state of Texas within 10 days of the death. This process is normally performed by a funeral home director by using the Texas Electronic Death Registration, a web portal which transmits the death certificate information to VSU. A death is typically reported to the funeral home director by a hospital, nursing home, or hospice when occurring under natural circumstances, or by a justice of the peace or medical examiner if occurring under unnatural circumstances. The VSU is the official repository for the state of Texas for death certificates. Records for deaths occurring outside the state of Texas are not maintained by VSU.

b. SSA

The SSA receives reports of death from numerous sources and uses this information to terminate benefits for clients. The SSA accepts reports for clients and non-clients as follows:

First-party report of death: A death reported by any of the following sources are acceptable and no additional validation is required: State Bureau of Vital Statistics; representative payee or agent, such as a lawyer or accountant; or competent adult entitled on the same SSN.

Third-party report of death: A death reported by any of the following sources requires verification: Centers for Medicare & Medicaid Services; state social service/welfare office or Department of Veterans Affairs; or a friend or neighbor.

Non-clients: Information provided for non-clients is accepted, but not verified. For SSA to accept the information, the source must provide their contact information and complete information regarding the identity of the deceased.

c. TIERS

Data is entered into the TIERS web portal by a TWA for each client when they enroll, renew, or make adjustments to the client's biographical data, such as a change of name or date of death. Date of death information is provided to BA from IT. The 2-1-1 hotline is an additional source available for anyone who may want to report a death, such as a personal care attendant, caretaker, or family member.

Capitation Payments

Inspectors analyzed information to understand the capitation payment and recoupment process; reviewed policies and procedures; and interviewed numerous sources, including an AES audit coordinator; TWAs; MCS; BA; an IT Systems Analyst; the DAT Deputy IG; and a DAT Research Specialist. Capitation payments are made each month from Texas Medicaid to MCOs for the healthcare management

of Medicaid clients for the prospective month. The amount depends on the risk group the client is assigned and the risk group depends on numerous factors. In the middle of each month, HHSC generates data through TIERS to inform each MCO of the clients eligible for services.

Data Analysis

Inspectors consulted data analysts within OIG Data and Technology to develop algorithms designed to identify deceased clients with a capitation payment made after the date of death. As a result of this inspection, DAT created database queries to identify two groups of capitation payments made for deceased clients:

- Query 1 identified any deceased MCO client whose capitation payments were paid and not recouped in the previous 24-month period, from May 2015 to May 2017.
- Query 2 identified any of the 2,224 deceased MCO clients from the federal audit report in which capitation payments were made after December 31, 2015.

DAT created the queries using date of death data from VSU, SSA, and TIERS. The queries captured information such as client identity; capitation payment; and MCO information. The queries identified 484 deceased clients with potentially erroneous capitation payments totaling \$5,419,885 paid by Texas Medicaid after the date of death for the two-year period.

Adjustments and Recovery

AES was provided with the data in July 2017 to make changes in TIERS. BA processed the information in TIERS by the next Medicaid cut-off date¹¹ in August 2017. BA sent the data to PPS for recoupment. PPS processed the data by the end of August 2017 to obtain the recoveries.

Rolling 24-Month Capitation Recoupment Period

The OIG Inspections Division assessed the process of adjusting and recouping capitation payments by the multiple departments involved in the process, such as AES, TIERS, and PPS. Prior to this inspection, a policy and procedure did not exist within AES to identify and recoup capitation payments paid for clients after their date of death, for those that were not properly processed by TWAs in TIERS. This lack of policy and procedure was compounded by the length of time it took to process and recoup the capitation payments. From May 2017 to August 2017, OIG-DAT identified the clients, AES adjusted the date of death in TIERS, and PPS processed and recouped the capitation payments. Additionally, the process was hampered by the rolling 24-month capitation recoupment period, which did not allow

¹¹ The Medicaid cut-off date designates that no further adjustments can be made to the client's capitation payment for the next month. The cut-off date is typically in the middle of the month.

for capitation payments made outside of this time period to be recouped. Of the originally identified \$5.4 million in capitation payments paid for deceased clients, \$321,526 could not be recovered during the course of this inspection due to the rolling 24-month period.

Standards

The OIG Inspections Division conducts inspections of the Texas Health and Human Services programs, systems, and functions. Inspections are designed to be expeditious, targeted examinations into specific programmatic areas to identify systemic trends of fraud, waste, or abuse. Inspections typically result in recommendations to strengthen program effectiveness and efficiency. The OIG Inspections Division conducted the inspection in accordance with Quality Standards for Inspection and Evaluation issued by the Council of the Inspectors General on Integrity and Efficiency.

Appendix B: Report Team and Report Distribution

Report Team

The OIG staff members who contributed to this OIG Inspections Division report include:

- Lisa Pietrzyk, CFE, CGAP, Director of Inspections
- Xavier Ortiz, Inspections Manager
- James Aldridge, Inspection Team Lead
- Levi Martinez, Inspector
- Coleen McCarthy, MS, CHES[®], Program Specialist
- Jonathan O'Reilly, M.A., Director of Fraud Analytics
- Olga Jerman, PhD, Data and Technology Statistical Analyst

Report Distribution

Texas Health and Human Services:

- Charles Smith, Executive Commissioner
- Kara Crawford, Chief of Staff
- Cecile Erwin Young, Chief Deputy Executive Commissioner
- Victoria Ford, Chief Policy Officer
- Karen Ray, Chief Counsel
- Enrique Marquez, Deputy Executive Commissioner for Medical and Social Services
- Wayne Salter, Associate Commissioner, Access and Eligibility Services
- Stephanie Muth, Associate Commissioner, Medicaid and CHIP Services
- Todd B. Byrnes, Deputy Associate Commissioner, Eligibility Operations
- Ivan Libson, Deputy Associate Commissioner, Program Enrollment and Support
- Karin Hill, Director, Internal Audit
- Diane Jackson, Accounting Director, Fiscal Management
- Derrick Payton, Manager, Accounts Receivable
- Mary Catherine Bailey, Director of Business Automation, Social Services Applications, HHSC IT

Appendix C: OIG Mission and Contact Information

Inspector General Mission

The mission of the OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, review, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Sylvia Hernandez Kauffman, Inspector General
- Anita D'Souza, OIG Chief Counsel and Chief of Staff
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Olga Rodriguez, Chief Strategy Officer
- Brian Klozik, Deputy IG for Medicaid Program Integrity
- David Griffith, Deputy IG for Audit
- Quinton Arnold, Deputy IG for Inspections
- Alan Scantlen, Deputy IG for Data and Technology
- Judy Knobloch, Assistant Deputy IG for Medical Services

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To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhsc.texas.gov/report-fraud>
- Phone: 1-800-436-6184

To Contact the Inspector General

- Email: OIGCommunications@hhsc.state.tx.us
- Mail: Texas Health and Human Services Commission
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