

TEXAS HEALTH AND HUMAN SERVICES COMMISSION
OFFICE OF INSPECTOR GENERAL

**ACCESS AND ELIGIBILITY SERVICES:
INTERSTATE AND INCOME
MATCH ACTION ALERTS**

Preventing and Recovering Benefit Overpayments



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HHSC OIG

TEXAS HEALTH AND HUMAN
SERVICES COMMISSION

OFFICE OF
INSPECTOR GENERAL

ACCESS AND ELIGIBILITY SERVICES: INTERSTATE AND INCOME MATCH ACTION ALERTS

Preventing and Recovering Benefit Overpayments

WHY THE OIG CONDUCTED THIS INSPECTION

An inspection was conducted to determine whether HHSC Customer Care Center (CCC) responses to OIG match action alerts prevent Supplemental Nutrition Assistance Program (SNAP) and Medicaid overpayments.

The inspection focused on the following objectives:

- Determine whether CCC accurately processes all required changes to client benefits in response to Public Assistance Reporting Information System (PARIS) and Income and Eligibility Verification System (IEVS) match action alerts.
- Determine whether CCC processes all necessary changes within timeline requirements.

HHSC and the OIG use an alert process to communicate information that potentially affects client benefit eligibility. For example, an alert may identify that a client simultaneously received benefits in multiple states or that a change in income may affect eligibility. The alert process triggers a reassessment of a client's benefits based on the new information. The reassessment could result in the adjustment or termination of benefits. Alerts are used for several types of benefits, but this inspection focused on those with the highest fiscal impact, SNAP and Medicaid.

View the report online
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WHAT THE OIG FOUND

The OIG Inspections Division interviewed staff and observed Customer Care Center (CCC) advisors processing income and interstate match action alerts. In addition, the inspection team reviewed actions taken on a statistically valid random sample (SVRS) of income match action alerts and an SVRS of interstate match action alerts created in fiscal year 2017.

Inspectors found that CCC accurately processed changes in response to income match action alerts. However, the inspection team noted that action taken in response to interstate match action alerts could lead to recoupment of overpayments.

The OIG Inspections Division made the following observations:

- CCC does not adjust Medicaid eligibility dates to initiate recoupment of capitation overpayments.
- Medicaid capitation overpayments exceeded an estimated \$9.8 million in fiscal year 2017.

Medicaid capitation payments to managed care organizations (MCOs) may continue for several months after the Public Assistance Reporting Information System (PARIS) determined the client received Medicaid benefits in two or more states simultaneously. There are several reasons for this, including time delays inherent in the PARIS notification process and delays due to CCC backlogs. There is no policy to require backdating of Medicaid eligibility in the Texas Integrated Eligibility Redesign System (TIERS) that would allow HHSC to pursue recoupment of these capitation overpayments through the Premiums Payable System.

Recovery of Medicaid capitation overpayments made to MCOs in fiscal year 2017 would result in estimated recoveries of \$9,853,622, which includes the additional \$944,633 from the CCC backlog that year. If the volume of interstate and income alerts is consistent with fiscal year 2017, the change in policy could result in recoveries estimated at \$8,908,989 annually.

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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 whether HHSC Customer Care Center (CCC) responses to OIG match action alerts prevent Supplemental Nutrition Assistance Program (SNAP) and Medicaid overpayments. The inspection focused on the following objectives:

- Determine whether CCC accurately processes all required changes to client benefits in response to Public Assistance Reporting Information System (PARIS) and Income and Eligibility Verification System (IEVS) match action alerts.
- Determine whether CCC processes all necessary changes within timeline requirements.

II. BACKGROUND

HHSC and the OIG use an alert process to communicate information that potentially affects client benefit eligibility.¹ For example, an alert may identify that a client simultaneously received benefits in multiple states or that a change in income may affect eligibility. The alert process triggers a reassessment of a client's benefits based on the new information. The reassessment could result in the adjustment or termination of benefits. Alerts are used for several types of benefits, but this inspection focused on those with the highest fiscal impact, SNAP and Medicaid.

HHSC administers the SNAP and Medicaid programs in Texas. HHSC Access and Eligibility Services (AES) determines eligibility using the secure web-based Texas Integrated Eligibility Redesign System (TIERS). Within AES, CCC advisors process changes in TIERS, which may impact eligibility. The OIG General Investigations (GI) Division creates alerts for CCC and investigates potential benefit overpayments.

PARIS - Interstate Match Action Alerts

The PARIS federal-state partnership serves to ensure the integrity of public assistance programs. It allows states to exchange eligibility files to identify clients receiving benefits in multiple states and reduce improper payments, such as capitation payments made to managed care organizations (MCO).² States transmit applicant and client data files to PARIS on a quarterly basis in February, May,

¹ Alerts as described in this report are electronic communications created by the OIG General Investigations staff to communicate eligibility-related information to CCC.

² Capitation payments are contracted amounts of money paid monthly per patient to the MCO for the provision of Medicaid health care services.

August, and November.³ Clients receiving benefits in two or more states are identified, and the resulting interstate matches are transmitted back to the states on the 15th of April, July, October, and January. In Texas, these interstate matches are received by the Automated System for Office of Inspector General (ASOIG). The two-month lag for the PARIS match information to be transmitted to ASOIG results in potential capitation overpayments.

When an interstate match is received, ASOIG automatically generates a Request for Verification of Residence letter that is mailed to the client. To be eligible for benefits, an individual must be a Texas resident. The letter advises that if verification of Texas residency is not received by the due date, benefits may be terminated. If the client does not provide proof of residency, GI creates an interstate match action alert in ASOIG for CCC follow-up. The inspection team identified interstate match action alerts created by GI in fiscal year 2017 for more than 18,000 unique Medicaid clients. In response to alerts, CCC adjusts or terminates benefits as appropriate. See Appendix A for a brief interstate alert process flow summary.

IEVS Income Match Action Alerts

In addition, HHSC uses IEVS to compare client income data from federal and state sources quarterly. When income higher than what is reflected in TIERS is identified, an income match is generated in ASOIG and processed by GI. If action is necessary for an active case, including reduction of benefits, GI creates an income match action alert in ASOIG for CCC follow-up.

Processing Match Action Alerts

CCC advisors conduct additional research when match action alerts are received. For example, with interstate match action alerts, if a client's residency has been verified through a recent application or recertification process, this is documented in TIERS and no further action is required. If the residency is not verified, the advisor terminates that client's active benefits. For income match action alerts, CCC advisors update the income information in TIERS, which automatically recalculates and adjusts benefits accordingly. Potential SNAP overpayments are referred to GI for investigation. CCC advisors document all actions taken to support the decision on interstate and income match action alerts in TIERS.

³ See <https://www.acf.hhs.gov/paris/interstate-match-2017> for 2017 interstate match data by state.

III. INSPECTION RESULTS

The inspection team interviewed staff and observed CCC advisors processing income and interstate match action alerts. In addition, the inspection team reviewed actions taken on a statistically valid random sample (SVRS) of income match action alerts and an SVRS of interstate match action alerts created in fiscal year 2017.⁴

Inspectors found that CCC accurately processed changes in response to income match action alerts. However, as explained below, the inspection team noted that action taken in response to interstate match action alerts could lead to recoupment of overpayments.

Observation 1: CCC does not adjust Medicaid eligibility dates to initiate recoupment of capitation overpayments.

When working interstate match action alerts, CCC does not have a policy stating how far back to adjust Medicaid eligibility dates to account for the month(s) the client was determined to receive benefits in multiple states and Texas residency was not verified. Furthermore, if a client's benefits have ended by the time CCC processes the interstate match action alert, TIERS limitations do not allow CCC advisors to edit Medicaid eligibility dates. If benefits are still active, CCC terminates the case, but eligibility dates are not "back-dated" to allow recoupment of the overpayments. As a result, recoveries of capitation overpayments that could be recouped are not pursued.⁵

Observation 2: Medicaid capitation overpayments exceeded an estimated \$9.8 million in fiscal year 2017.

The inspection team's review of the SVRS of interstate match action alerts created in fiscal year 2017 identified an estimated \$9,853,622 in Medicaid capitation overpayments to MCOs. These payments were made for clients ultimately determined to be ineligible for Texas Medicaid due to failure to provide evidence of residency.

An estimated \$944,633 of the \$9,853,622 in Medicaid capitation overpayments was due to a CCC backlog of interstate match action alerts in fiscal year 2017. By January 2018, CCC had eliminated this backlog and was acting on interstate match action alerts within three business days of receipt. If the volume of alerts generated in future years is similar to fiscal year 2017 and CCC continues to timely process alerts, implementation of procedures that initiate recoupment of these overpayments could allow future annual recoveries estimated at just over \$8.9 million.

⁴ See Appendix B, Methodology

⁵ In this report, a capitation payment is an "overpayment" when PARIS identifies a client received benefits simultaneously in multiple states and Texas residency was not verified.

IV. CONCLUSION

Medicaid capitation payments to MCOs may continue for several months after PARIS determined the client received Medicaid benefits in two or more states simultaneously. There are several reasons for this, including time delays inherent in the PARIS notification process and delays due to CCC backlogs. There is no policy to require backdating of Medicaid eligibility in TIERS that would allow HHSC to pursue recoupment of these capitation overpayments through the Premiums Payable System.⁶

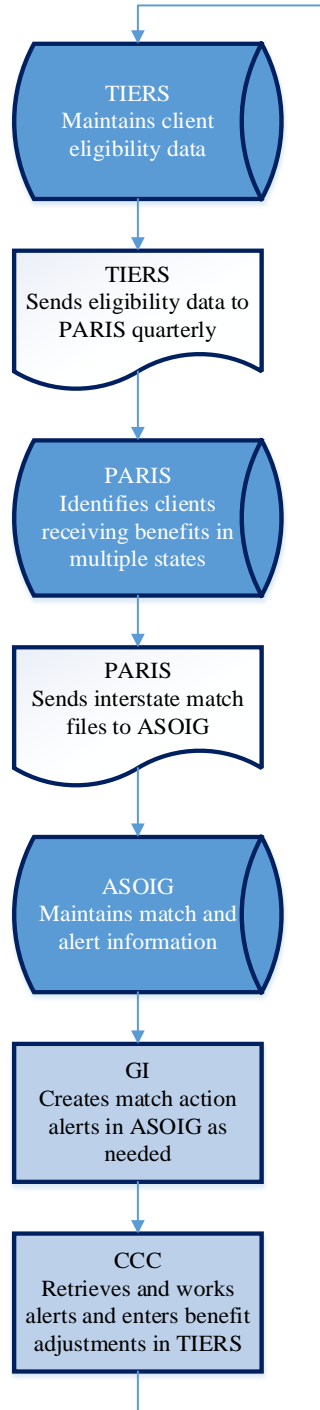
If the volume of interstate and income alerts is consistent with fiscal year 2017, the change in policy could result in recoveries estimated at \$8,908,989 annually. Recovery of Medicaid capitation overpayments made to MCOs in fiscal year 2017 would result in estimated recoveries of \$9,853,622, which includes the additional \$944,633 from the CCC backlog that year.

The OIG Inspections Division thanks HHSC, OIG Data and Technology, and GI for their cooperation and assistance during this inspection.

⁶ Every month Premiums Payable System (PPS) uses TIERS data to evaluate 24 months of eligibility history for each Medicaid client. PPS then provides updated information to HHSC Accounting to adjust future MCO payments.

V. APPENDICES

Appendix A: Interstate Alert Process Flow Summary



Appendix B: Methodology

OIG Data and Technology (DAT) provided an SVRS of 60 interstate match action alerts drawn from the population of 18,187 unduplicated interstate match action alerts created in fiscal year 2017 for clients receiving Medicaid benefits through MCOs. The inspection team reviewed available information in ASOIG and TIERS to test each of the 60 clients in the SVRS alert and identify months in which potential capitation overpayments were made. Beginning with the month PARIS indicated the client received Medicaid in multiple states, the team counted the number of months residency was not verified. For each client, the team multiplied the number of months by the amount of the first monthly capitation payment made for the client. The potential capitation overpayment dollars for the 60 SVRS clients was then totaled. DAT used that total to estimate the potential capitation overpayments for the total population of 18,187 interstate match action alerts.

To test for estimated future potential recoveries, the inspection team assumed CCC would continue to timely complete action on all interstate alerts, within 10 calendar days, thus factoring out overpayment months associated with the backlog CCC experienced in fiscal year 2017. The lower limit of a one-sided 90 percent confidence level was used to estimate the potential recoveries, resulting in a 90 percent likelihood that the actual amount of overpayment recoveries will be equal or exceed the estimated amounts shown in Table 1 below.

Table 1: Estimated Annual Capitation Overpayment Recoveries

Fiscal Year 2017	\$9,853,622*
Future (Ongoing) Annual**	\$8,908,989

Source: Prepared by OIG Inspections Division using DAT estimations.

*This estimate includes capitation overpayments of \$944,633 resulting from a CCC backlog.

**Future (Ongoing) Annual estimate assumes alerts created and associated overpayment amounts remain similar to those in fiscal year 2017, and that CCC will continue to work the alerts timely.

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 C: Report Team and Report Distribution

Report Team

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

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Appendix D: 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
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