



# A Medicaid Odyssey

National Intergovernmental Biennial  
Audit Forum - May 2018

Kip Memmott, Audits Director



Secretary of State  
Oregon Audits Division

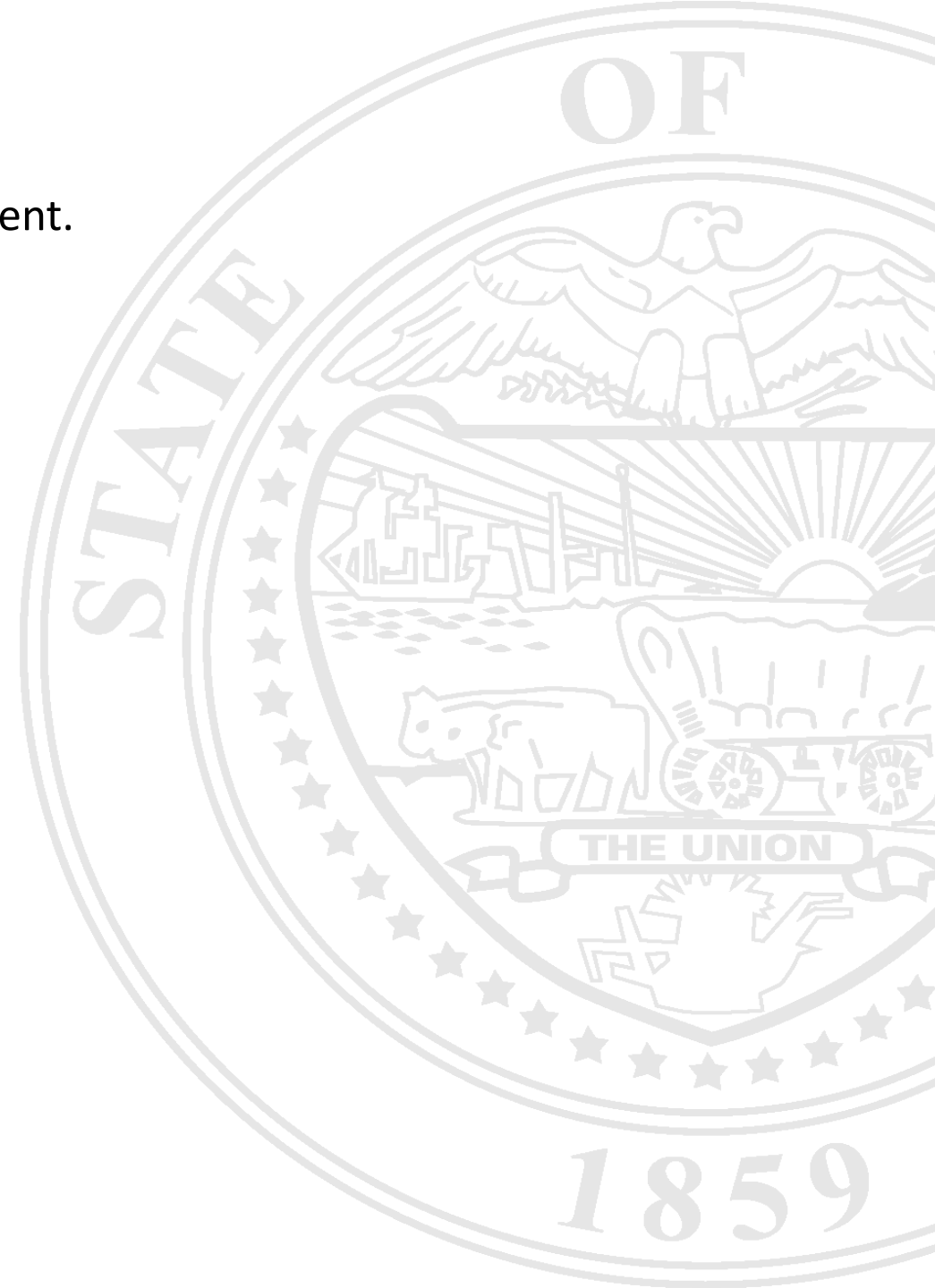
**MISSION** Protect the public interest while helping improve Oregon government.

We conduct

**Financial  
Municipal  
Performance** and  
**Information Technology** audits.

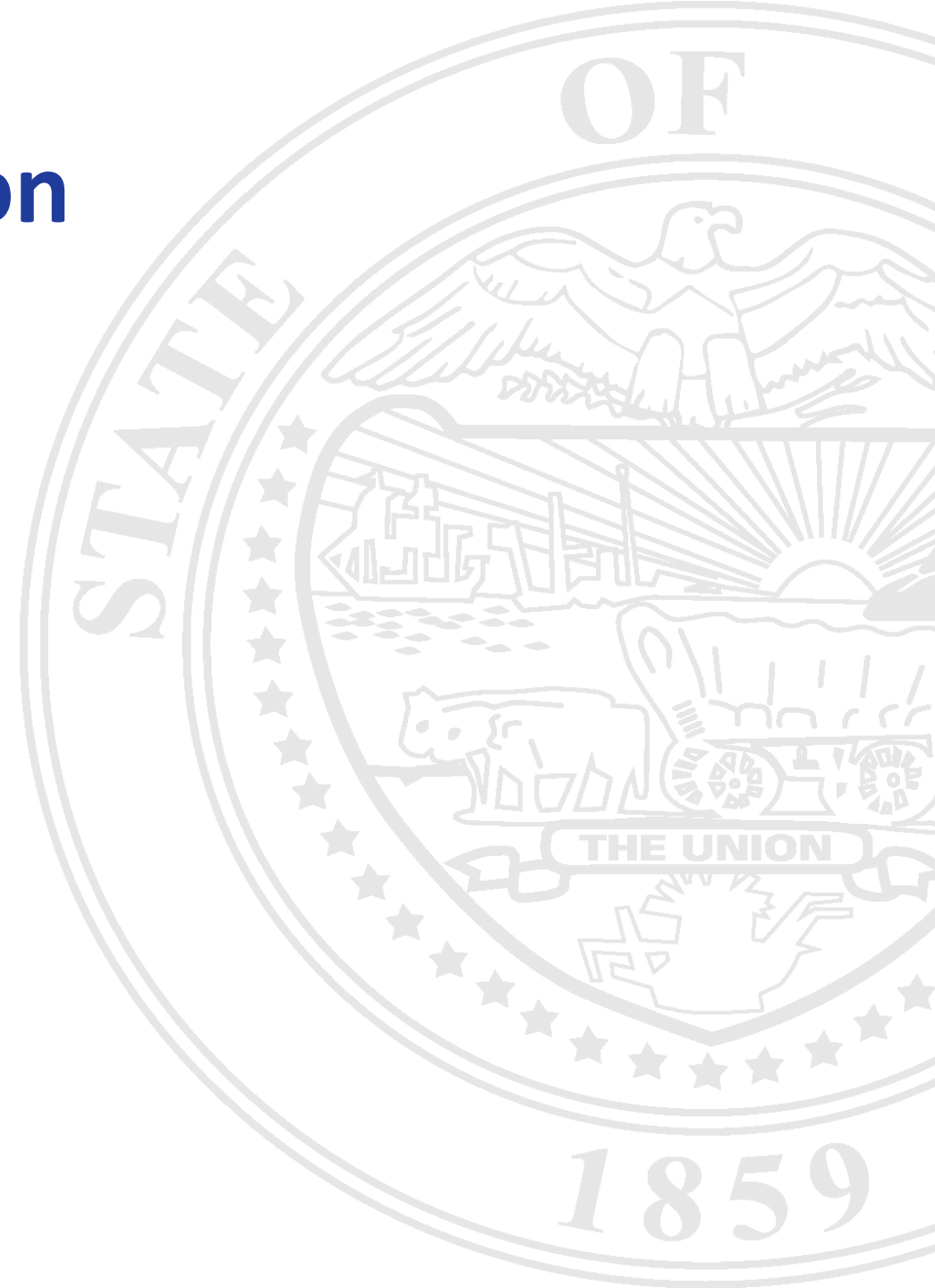
We are a staff of

**75** auditors.



# Auditing Medicaid In Oregon

- Oregon Medicaid Basics
- Auditor Alert
- Secretary of State Performance Audit
- Methodology
- Hostile Audit Environment
- Audit Impact
- Collaboration – Good, Bad, and Ugly

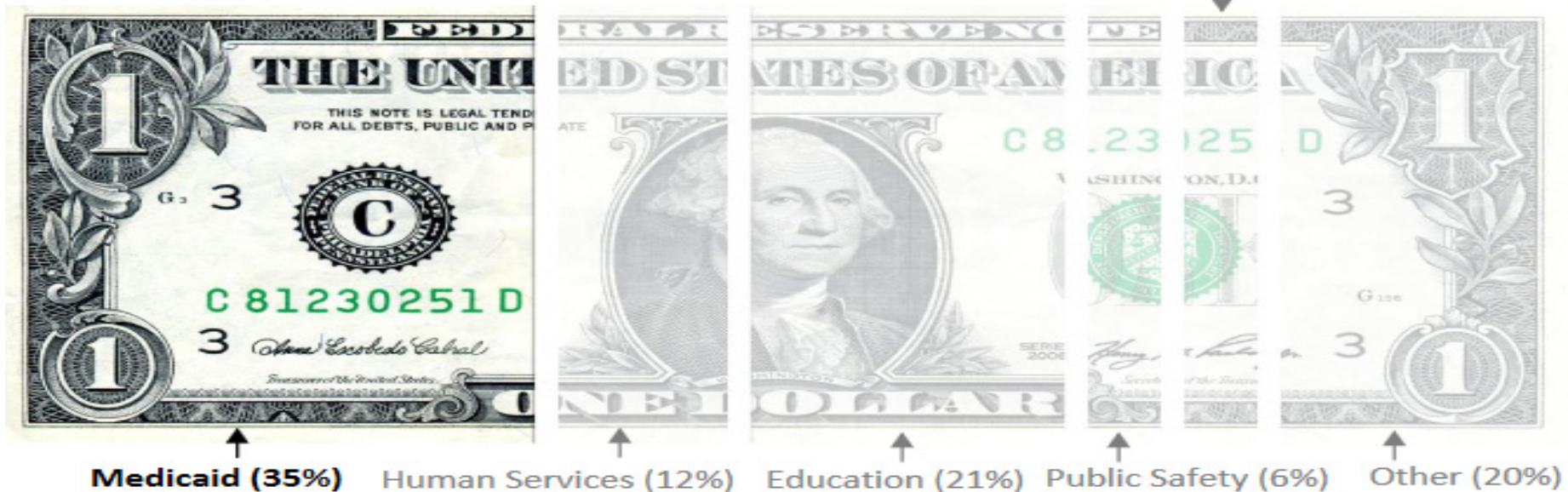




# Oregon Medicaid

- One in three dollars spent in Oregon on Medicaid (\$10 billion)
- Provides coverage for 25% of state's population (1,000,000 people)
- 16 Different Coordinated Care Organizations
- Two payment methods: Fee-For-Service or Capitated Payment

Figure 1: Oregon Spends One-third of the State Budget on Medicaid Transportation (6%)



OF

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# Auditor Alert

May 17, 2017

## **The Oregon Health Authority May Be Providing Medicaid Benefits to Ineligible Recipients<sup>1</sup>**

During the course of audit work, we detected a risk where a substantial number of current Medicaid recipients may be ineligible to receive assistance. As of May 1, 2017 preliminary analysis by the Oregon Health Authority (OHA) has identified approximately 86,000 individuals, representing about 8% of the State's entire Medicaid population, who have not undergone the federally required annual benefit eligibility determination process. About 14,100 people have been sent renewal notifications but have not returned applications. The preliminary analysis did not clearly identify why the remaining 71,600 have not been redetermined.

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**NSAA 2018**

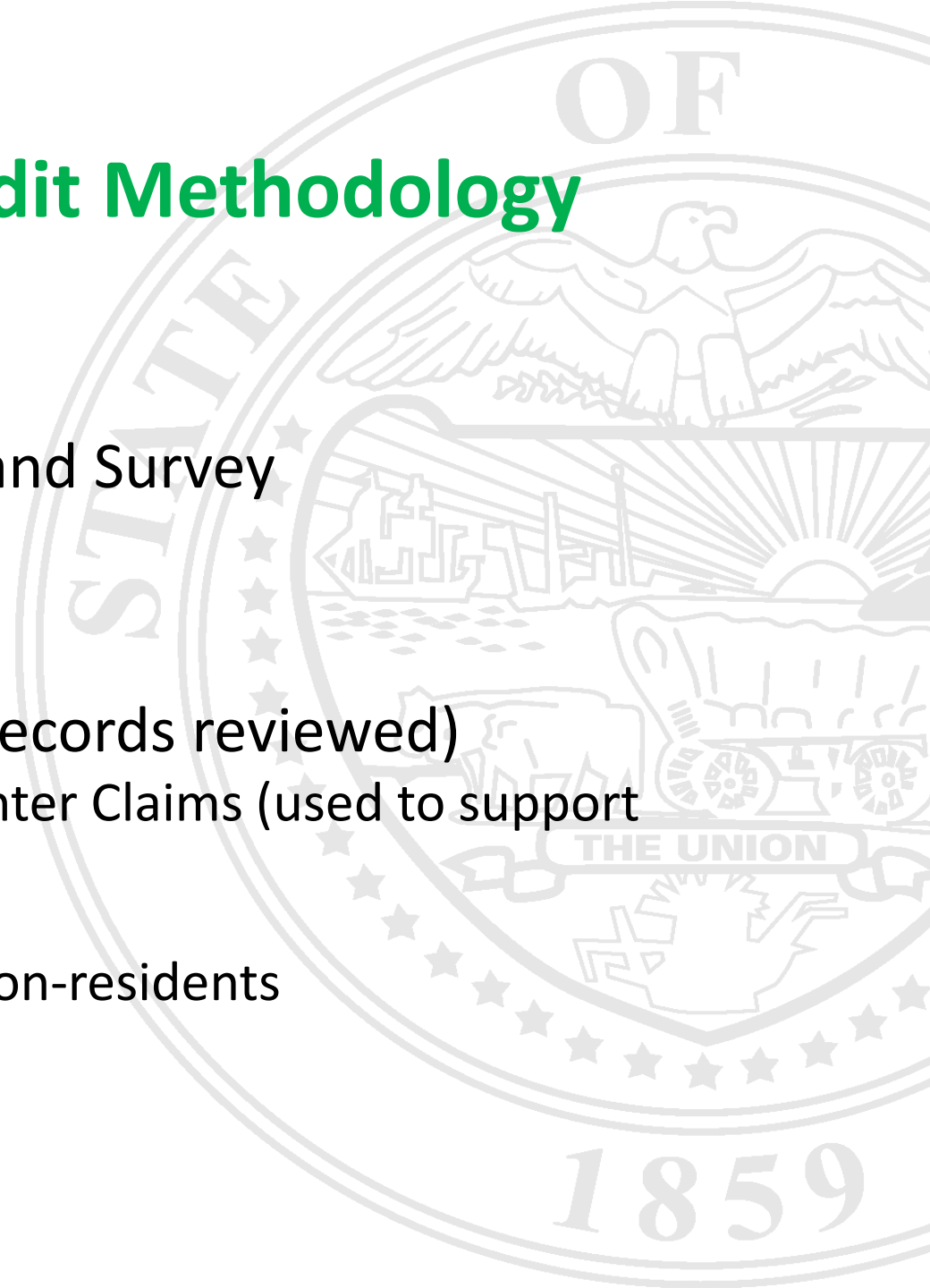
**AWARD FOR EXCELLENCE**

Special Project Award



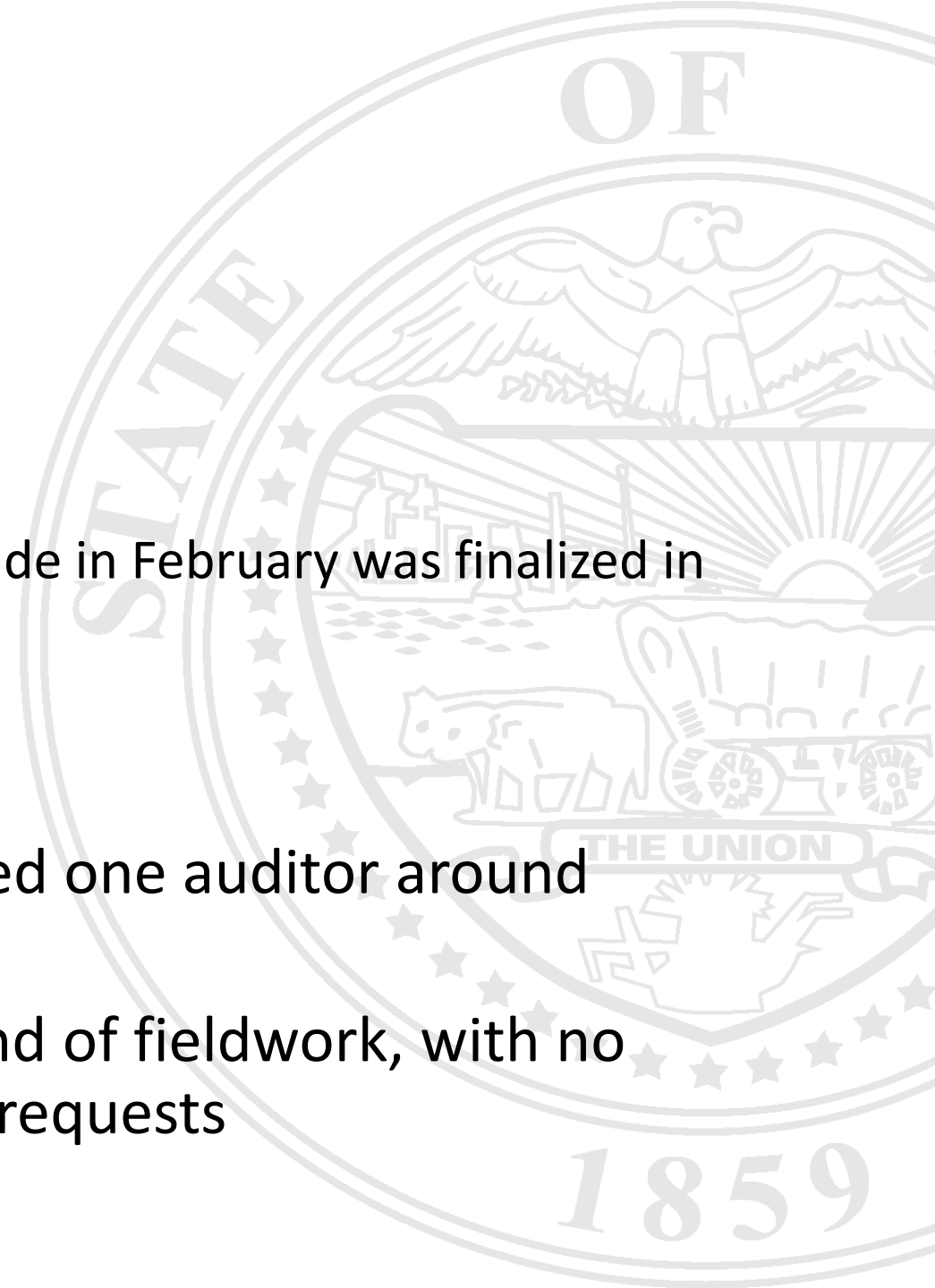
# Medicaid Improper Payments Audit Methodology

- Interviews
- CCO Contracts, External Quality Reviews, and Survey
- Review of System Documentation
- Controls Assessment
- Data Analytics - ACL analysis (200 million records reviewed)
  - Matched Fee-For-Service payments to Encounter Claims (used to support capitated payment rates)
    - State should only pay for one method
  - Matched to out-of-state drivers licenses for non-residents
  - Outlier analysis



# Scope Limitation

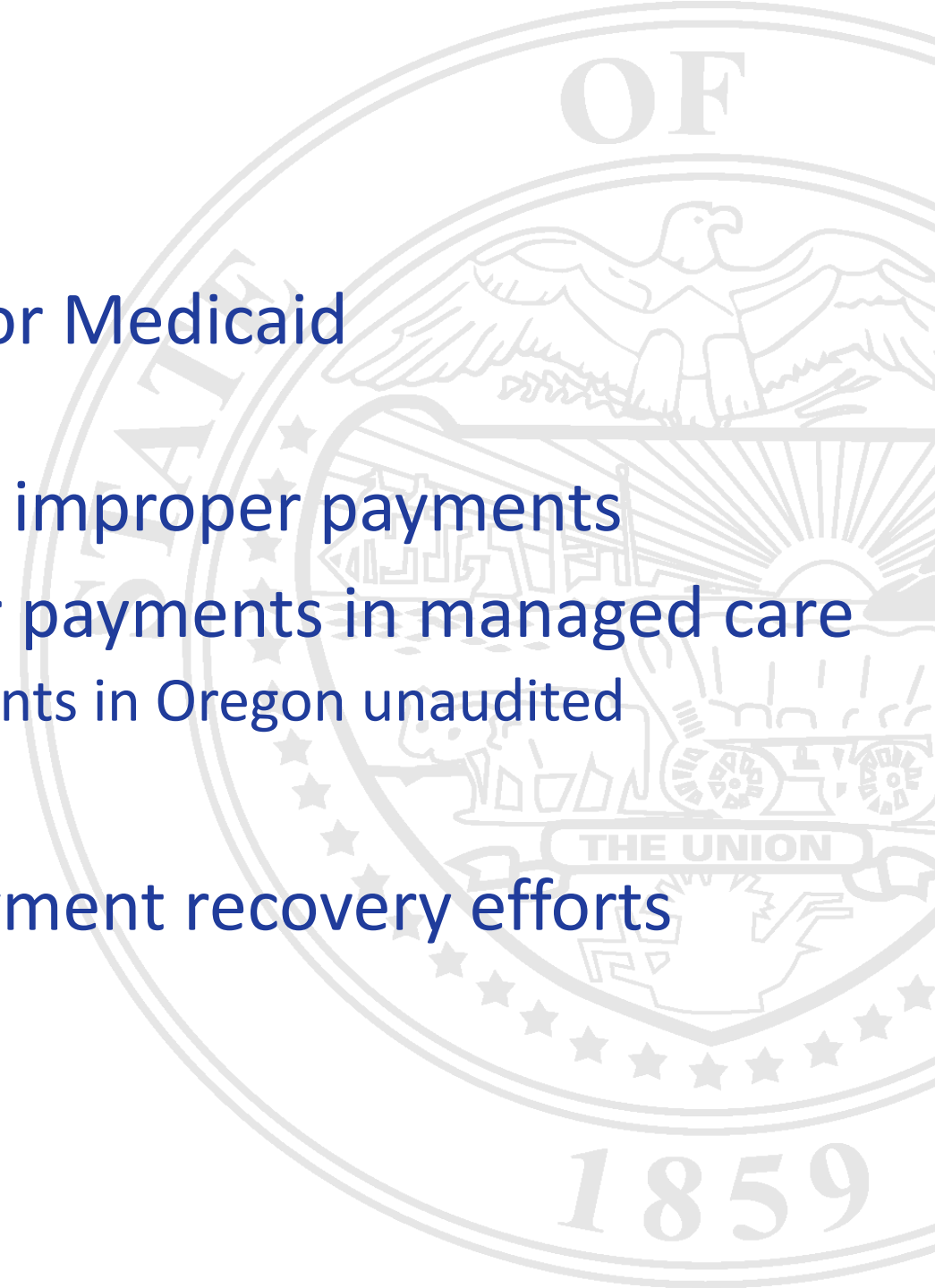
- Whistleblowers (SOS Hotline)
- Multiple requests delayed
  - One request for a list of excepted services made in February was finalized in November just prior to the audit release
    - Prior responses were incomplete and inaccurate
- Team denied direct access to staff
- Six managers, including agency #2, followed one auditor around eligibility processing center tour
- Prior leadership hired CPA firm towards end of fieldwork, with no Medicaid experience, to respond to audit requests





# Key Findings

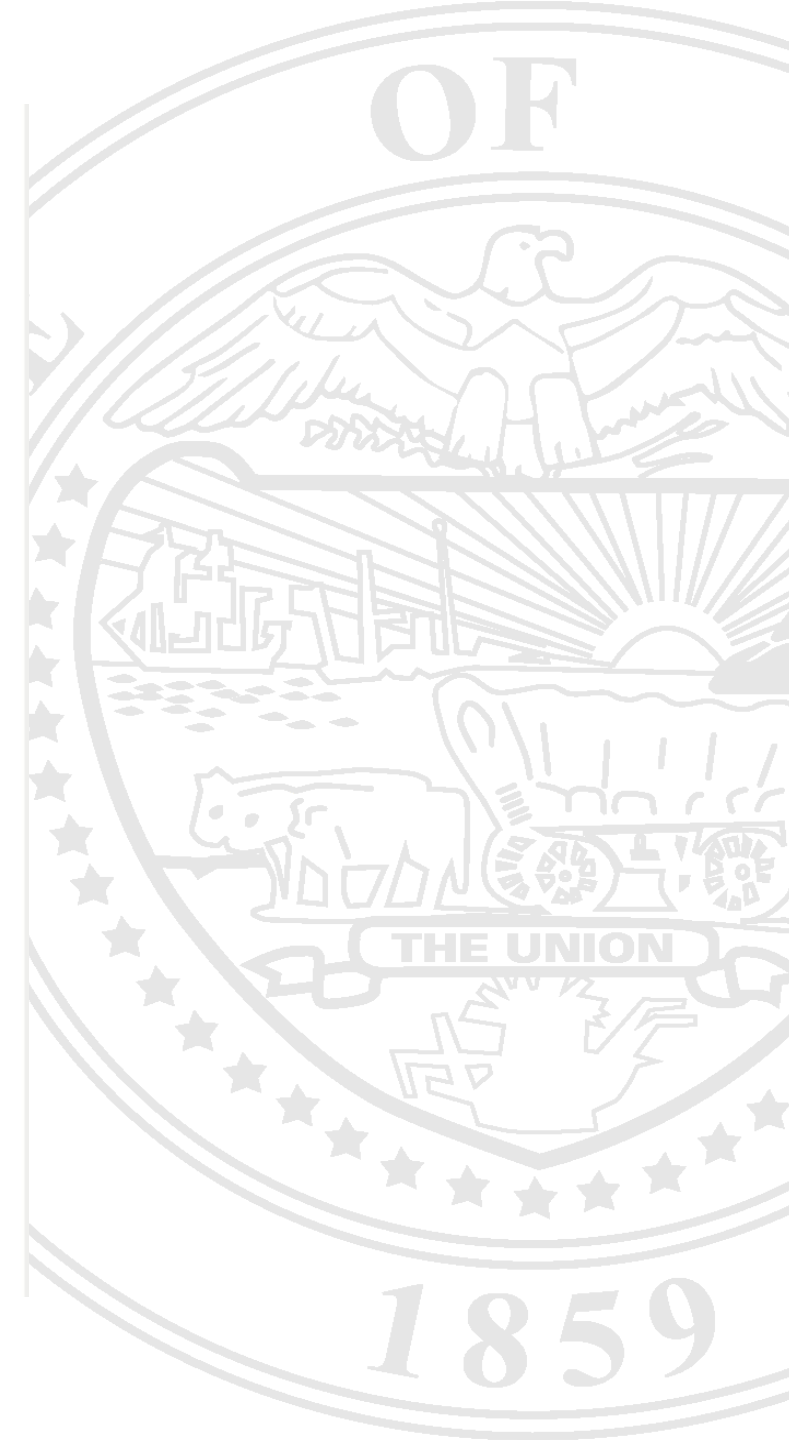
- 47,600 individuals were ineligible for Medicaid
  - \$10 million per month in payments
- No inventory of controls to prevent improper payments
- No proactive detection of improper payments in managed care
  - Approximately 75% of Medicaid payments in Oregon unaudited
- Paying for likely non-residents
- Agency had sufficient improper payment recovery efforts (assurance finding)



# Oregon removes nearly 55,000 people from Medicaid after they failed eligibility checks

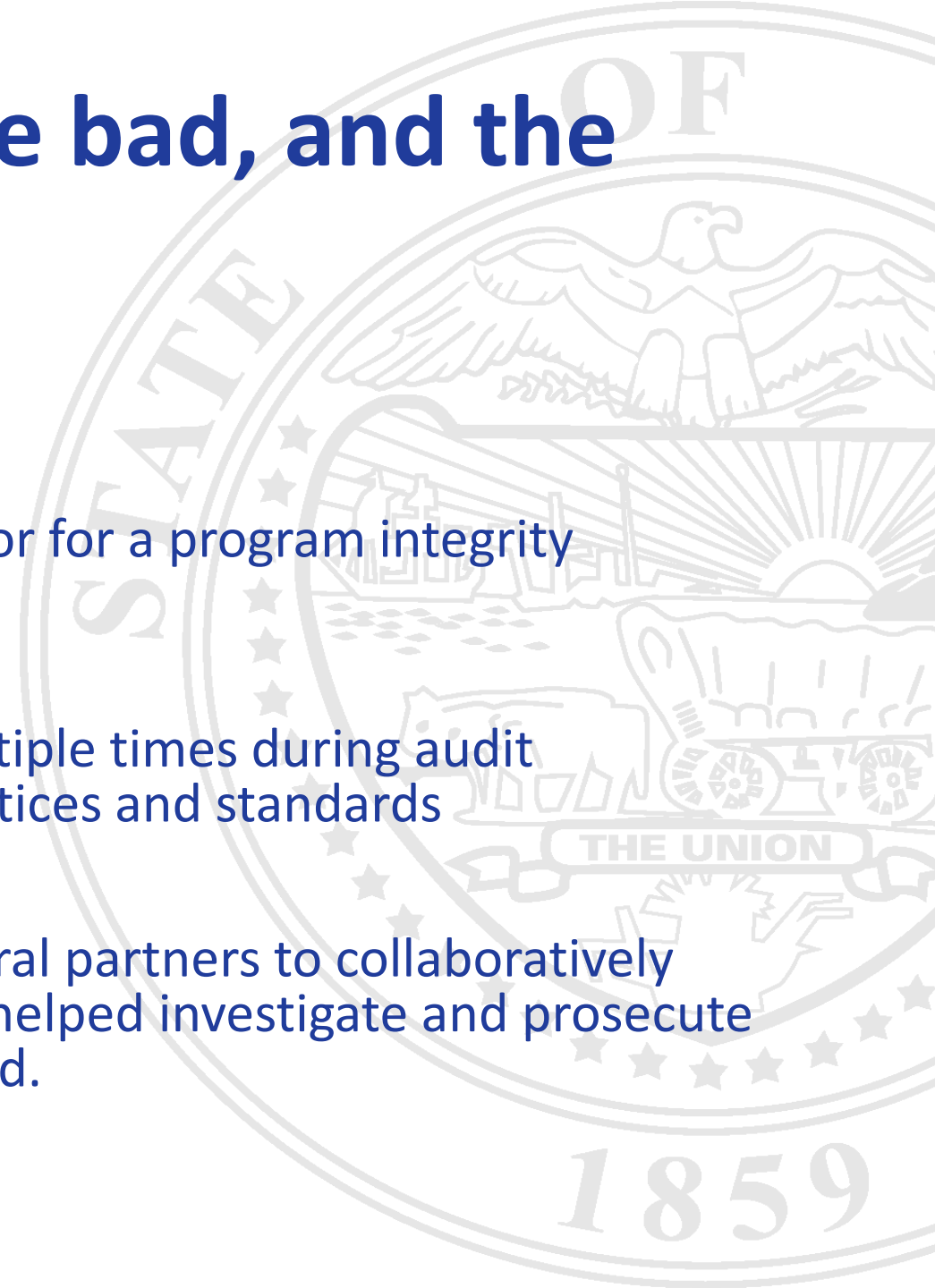
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Updated on September 1, 2017 at 9:18 AM. Posted on August 31, 2017 at 6:43 PM



# Collaboration: the good, the bad, and the ugly

- Hit or Miss with Federal Government
- Good
  - Medicaid Integrity Institute hosted one auditor for a program integrity training
- Bad
  - CMS regional office told us to “google it” multiple times during audit interview when asking about CMS’s best practices and standards
- Potential
  - SNAP fraud has allowed local, state, and federal partners to collaboratively address fraud in the SNAP program. SOS has helped investigate and prosecute several merchants in Oregon committing fraud.



# Fraud scheme



## Results to date

- 4 Merchants arrested
- Over 250 individuals prosecuted
- Mexican Drug Cartel operation taken down
- Oregon received \$300,000 grant
- Decreased fraud from other merchants
- Tens of thousands in restitution paid

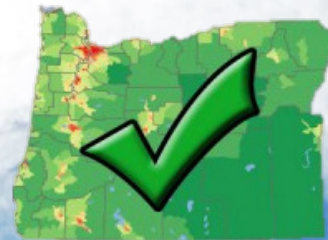




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