Michigan

Office of the Auditor General

REPORT SUMMARY

Performance Audit

Medicaid Practitioner Fee-for-Service Reimbursement

Department of Community Health

Report Number:
391-0713-13

Released:
December 2013

Medicaid is a program that helps certain individuals and families with low incomes and limited resources pay for some or all of their medical bills. It provides coverage of a wide variety of medical services for eligible individuals, including practitioner services. The Department of Community Health (DCH) is responsible for processing payment of Medicaid practitioner fee-for-service claims through its electronic claims processing system.

Audit Objective:

To assess the effectiveness of DCH's efforts to ensure proper payment of Medicaid practitioner fee-for-service claims as defined by selected DCH policies.

Audit Conclusion:

We concluded that DCH's efforts to ensure proper payment of Medicaid practitioner fee-for-service claims as defined by selected DCH policies were effective. However, we identified known improper practitioner fee-for-service payments of $1,456,000 ($465,000 General Fund/general purpose) and related improper capitated payments of $26,000 to $36,000 ($8,000 to $11,000 General Fund/general purpose). We noted five reportable conditions (Findings 1 through 5).

Reportable Conditions:

DCH did not have an edit in place in the Community Health Automated Medicaid Processing System (CHAMPS) to ensure proper payment of global services, physician administered injectable drugs and biologicals, and technical services based on place of service. As a result, DCH issued $978,000 (approximately $312,000 General Fund/general purpose) in improper payments during the audit period to providers for services provided to 8,657 beneficiaries at a facility place of service (Finding 1).

DCH had not properly established a control to ensure denial or recovery of practitioner fee-for-service claims for beneficiaries enrolled in a Medicaid Health Plan (MHP). As a result, DCH improperly paid $234,000 (approximately $75,000 General Fund/general purpose) to providers during the audit period for claims on behalf of 1,425 beneficiaries enrolled in an MHP at the date of service (Finding 2).

DCH had not properly established the incoming claim adjustment reason codes within an edit in CHAMPS to ensure proper denial of claims. As a result, DCH issued $116,000 (approximately $37,000 General Fund/general purpose) in payments during the audit period to

providers for claims that should have been denied by the CHAMPS incoming claim adjustment reason codes edit for services to 1,697 beneficiaries (Finding 3).

DCH did not prevent, detect, or recover duplicate practitioner payments. As a result, DCH issued $101,000 (approximately $32,000 General Fund/general purpose) in improper duplicate payments during the audit period to providers for practitioner services provided to 2,150 beneficiaries (Finding 4).

DCH's internal control did not prevent or detect payments made on behalf of beneficiaries that were assigned more than one Medicaid identification number. As a result, DCH issued $32,000 (approximately $10,000 General Fund/general purpose) in improper practitioner fee-for-service payments to providers during the audit period for claims on behalf of 118 beneficiaries with more than one Medicaid identification number. In addition, for 28 of the identified 118 beneficiaries for whom improper practitioner fee-for-service payments were made, we also determined that DCH issued multiple monthly capitated payments to MHPs for the same beneficiary totaling $26,000 to $36,000 (approximately $8,000 to $11,000 General Fund/general purpose) (Finding 5).

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Agency Response:

Our audit report contains 5 findings and 5 corresponding recommendations. DCH's preliminary response indicates that it agrees with all of the recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: http://audgen.michigan.gov

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