

Ohio's Medicaid Performance Audit



Betty Montgomery, Auditor of State

A Presentation to

The Midwest Intergovernmental Audit Forum

September 21, 2006

Jim Penning, Chief Auditor

Betsy Bashore, Assistant Chief Auditor

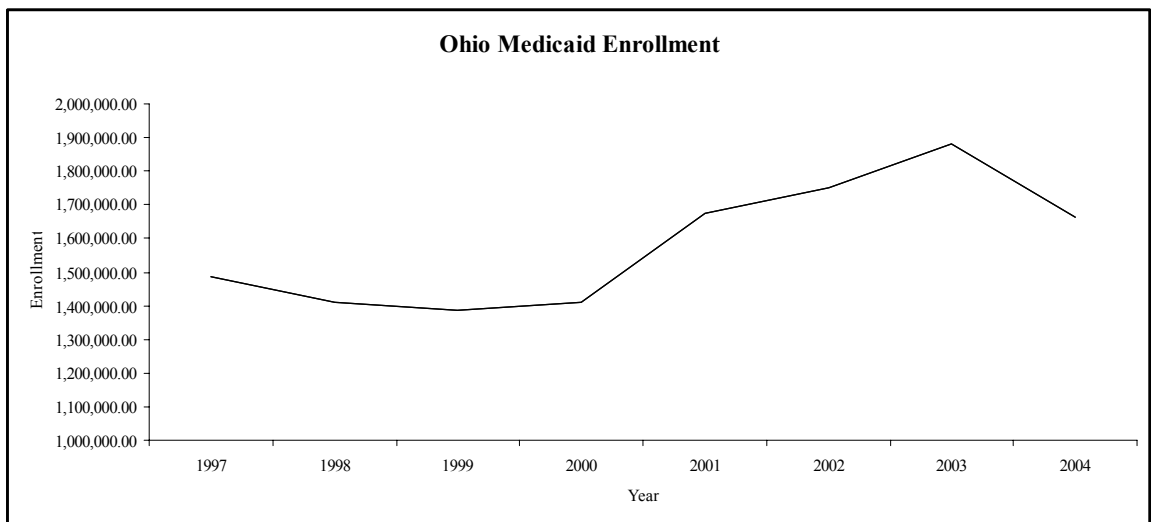
A Brief Introduction

- **The Performance Audit Section**
 - Established in 1995
 - Part of the audit division at AOS
 - 50 auditors
 - 170 audits to date – Medicaid the biggest
 - Focus on economy and efficiency
 - Issue audits under GAGAS

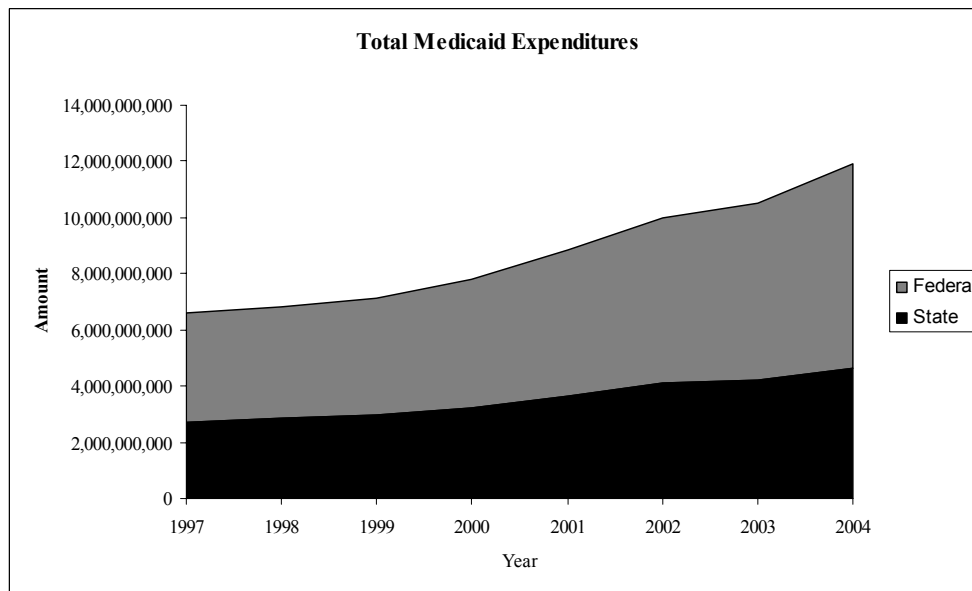
Background

- Medicaid in Ohio – Some key data
 - Ohio ranks
 - 7th in total population
 - 6th in size of its Medicaid program
 - 5th in Medicaid claims paid
 - Medicaid expenditures (state and federal) equal 24% of total State expenditures
 - Expenditures totaled \$13.2 Billion in SFY-2005

Background



Background



Background

- The Ohio Inspector General's Report
 - Issued in January 2005
 - Investigated alleged improper management and operation of the State Medicaid Program
 - Focused on Surveillance and Utilization Review Section (SURS) at ODJFS
 - Four areas of concern
 - Management philosophy
 - Administration of SURS
 - Revenue recovery
 - Leveraging of available resources

Background

- OIG made 15 recommendations
- Projected “tens of millions of dollars” not properly returned to the State.

Background

- The Ohio Commission to Reform Medicaid
 - Issued a total of 23 recommendations in the areas of:
 - Long-term care
 - Pharmacy
 - Care management
 - Eligibility
 - Structure and Management
 - Finance

Background

- House Bill 66 – The State’s biennial budget measure
 - Incorporated many of the Commission recommendations
 - Created authority to conduct the performance audit

The Medicaid Performance Audit

- Today's discussion
 - Areas reviewed
 - Methodology
 - Key audit issues
 - Where we go from here

The Medicaid Performance Audit

- Areas reviewed
 - History of Medicaid in Ohio
 - Organizational Issues
 - Medicaid Service Provision
 - Managed Care and Care Management
 - Information Technology in Program Management
 - Program Integrity

Methodology

- State Data
 - ODJFS
 - Sub-recipient agencies
 - Local agencies
 - Other oversight bodies
- Federal data and information
- Data quality and availability
- Stakeholder feedback
- County interviews

Medicaid in Ohio

- Programs added at different times, under different agencies
- State Medicaid Agency does not adequately enforce sub-recipient agreements
- Poor cooperation, scanty coordination

Ohio Medicaid Funding and Responsibility

State-level Oversight Agencies

State Expenditures - \$13 billion
Local Expenditures - Estimated \$600 million to \$1 billion
Population Served - approx. 1.7 million

Center for Medicare and Medicaid Services (CMS)
A Division of Health and Human Services

Ohio Department of Budget and Management
Administrative Costs: Indeterminate

Ohio Attorney General¹
38 Employees
Costs: \$2.8 million

Ohio Auditor of State, FLAG²
22 Employees
Cost: \$400,850

Notes: Ohio ranks 7th in population nationally based on 2000 census. In the area of Medicaid provision, Ohio ranks 6th in eligible persons and beneficiaries. Ohio ranks 5th in payments and claims.

Ohio Department of Job and Family Services (ODJFS)
Single State Agency Organizational Unit
Approximately 540 Employees (in OHP)
Administrative Costs: \$104 million

County Level DMFS
88 total
Responsible for eligibility, investigation, other functions
Approximately 3,200 Employees
Administrative Costs: \$148.3 million
Administrative Time Study: \$33 million

Total Population Served
Over 2 million (2004)

Ohio Department of Aging
Sub-recipient, Waiver Program Administrator
26 Employees
Administrative Costs: \$4.4 million

Ohio Department of MR/DD
Sub-recipient, Waiver Program Administrator
45 Employees
Administrative Costs: \$24.6 million

Ohio Department of Education
Sub-recipient (Local Match from Foundation)
Medicaid Administrative Claims Participation Very Limited
1 Employee
Administrative Costs Indeterminate

Ohio Department of Mental Health
Sub-recipient, State Plan Program Administrator, MACSIS Administrator and User
6 Employees
Administrative Costs: \$2.8 million

Ohio Department of Alcohol and Drug Addiction Services
Sub-recipient, State Plan Program Administrator, MACSIS User
2 Employees
Administrative Costs: \$374,817

Ohio Department of Health
Nursing Home Licensure/ Oversight Service Provider
116 Employees
Administrative Costs: \$469,436

Area Agencies on Aging
13 total
Passport Administrators, Eligibility, Care Planning and Management
840 employees
Administrative Costs: \$50 million

County MR/DD Boards
88 total
Eligibility, Care Planning and Management, Service Provider,
of Employees Unavailable,³
Administrative Costs: \$371.1 million

Community Alternative Funding Services Program
\$219 million (2004)
119,545 claims paid.
Program as operated by MR/DD discontinued in July 2005
New program under development will be administered by ODE.

County MH Boards
7 total
Claims pre-processing, Provider monitoring
82 Employees
Administrative Costs Indeterminate⁴

County ADAMHS (MH/ADAS) Boards
56 total
Claims pre-processing, Provider monitoring
273 Employees
431 Providers
Note: Providers determine case plan, care management
Administrative Costs Indeterminate⁴

County ADAS Boards
7 total
Claims pre-processing, Provider monitoring
23 Employees
Administrative Costs Indeterminate⁴

County and City Departments of Health
137 total Departments (Not all Medicaid Participants)
Service Providers, Nursing Home Regulators
Services billed directly to ODJFS
of Employees Indeterminate
Administrative Costs Indeterminate

PASSPORT recipients - 25,000
RSS participants = 1,900
PACE participants = 570
Nursing home screenings = 140,000

Total Population Served
123,000
Total Cost
\$958.4 million

School Districts
(614 Regular School Districts, Charter School Participation TBD)
100 Districts Participating
Medicaid Administrative Claims: \$200,000

30,000 ADAS Clients Served
357,000 MH Clients Served

ADAS Claims Paid: \$58 million
MH Claims Paid: \$469 million

Total Costs: \$205.0 million

Total Population Served Indeterminate
(The available information was unable to distinguish Medicaid and non-Medicaid services)

Total Cost: Indeterminate
(This information could not be generated)

Organizational Issues

- Overly-complex, siloed
- No central propose or goal
- Functions arranged organically
- Decision-making highly reactive
- Stand-alone Agency selected without reflection on options
- Expertise and service delivery issues

Medicaid Service Provision

- Services
- Waiver use
- Eligibility (209b status)
- Long-term care
- Prescription Drugs
- Rate Setting

Managed Care and Care Management

- Managed Care arrangements in Ohio
- Use of disease management programs
- Expanding program coverage
- Improving coordination of care

Information Technology

- Very outdated system (1985)
- Additional systems in sub-recipient agencies
- Poor interface
- Data integrity issues
- Limited use of technology to solve complex problems
- Conflicting direction provided to users, providers, sub-recipient agencies

Program Integrity

- New Federal Focus
- Fragmented Program Integrity
- Preventive controls
- Detective controls

Audit Conclusions

- Substantial hurdles but immense opportunities
- Audit Release
 - Planned for Oct/Nov 2006
- What comes next