

# AUDIT REPORT

## Department of Human Services: Oregon Health Plan Eligibility Review



Bill Bradbury, Secretary of State  
Cathy Pollino, Director, Audits Division

### Summary

#### PURPOSE

The purpose of this audit was to determine if the Department of Human Services was managing the Oregon Health Plan (OHP) eligibility determination process effectively. The state provides health care to low-income Oregonians. The audit focused on applications approved at the OHP branch in Salem, and whether those applicants met income and other eligibility requirements.

#### RESULTS IN BRIEF

We found a number of health plan recipients with unreported wages that would make them ineligible for coverage. We estimate the annual cost of covering ineligible recipients in the three high-risk populations we tested to be \$4.3 million, of which \$2.9 million would be preventable, based on information reasonably available to eligibility specialists at the time the eligibility determinations were made. We found that eligibility specialists' reliance on incomplete or inaccurate wage information caused the eligibility determination errors.

We also found that the department provided full OHP coverage to some non-citizens contrary to federal law. We further noted cases lacking adequate documentation for those situations where full coverage for non-citizens is allowed. In addition, allowing a self-declaration of United States citizenship on the mail-in application for OHP coverage increases the risk of providing full OHP coverage to ineligible non-citizens. We estimate the annual cost at \$1.7 million, if 1 percent of the adults receiving full OHP coverage are, in fact, ineligible non-citizens.

During our review, we also noted that:

- The department accurately recorded required social security numbers (SSNs); however, it lacked recorded SSNs for about 2 percent of the OHP recipients required to provide a SSN to be eligible for coverage. We also noted that the department discouraged the voluntary provision of a SSN from household members not applying for coverage or otherwise not required to provide a SSN.
- The department waived unpaid OHP premiums for the "no income" reason when eligibility specialists knew that income existed.
- Our sample of cases using post office boxes for mailing addresses for their monthly OHP medical care identification cards did not detect any instances of non-Oregon residents improperly receiving coverage.

#### RECOMMENDATIONS

We recommend that the department strengthen its management controls over the OHP eligibility determination process. The department should develop policies and implement procedures to ensure that coverage is limited to eligible individuals based on information reasonably available to eligibility specialists at the time of the eligibility determination.

#### AGENCY'S RESPONSE

The Department of Human Services generally agrees with the recommendations.

### Introduction

Since 1994, Oregon Medicaid benefits have been delivered through the Oregon Health Plan, a demonstration project. For 1999-2001, the budget for the program was \$2.6 billion; the federal government pays approximately 60 percent of the cost and the state pays the remaining 40 percent.

### Background

The health plan differs from a traditional Medicaid program in that

access to coverage was broadened. Approximately one-fourth of the 380,000 recipients enrolled as of December 31, 2000 would not be covered in a traditional Medicaid program. These non-traditional (new eligibles) Medicaid recipients qualify for coverage based on income and liquid assets limits, citizenship status, and Oregon residency. The coverage is for six months; recipients must reapply for additional six-month periods of coverage. Unlike the traditional Medicaid recipients, certain new eligibles are required to pay a monthly premium ranging from

\$6 to \$23, depending on family size and income.

The majority of eligibility determinations for OHP coverage are made at the Oregon Health Plan branch in Salem using a mail-in application. Recipients involved in other Department of Human Services programs, for example food stamps, in addition to Medicaid, have an assigned caseworker at a department branch office, and would not apply for coverage at the Oregon Health Plan branch.

The branch has a staff of approximately 200, including about 100 eligibility specialists to process an average of 17,000 applications per month. The specialists use an automated system within the Department of Human Services mainframe computer system that provides the history of recipients with the department. The system also provides on-line access to information maintained by other agencies including the Employment Department, Department of Motor Vehicles, Child Support Division of the Department of Justice, and Social Security Administration.

The 1999 legislature approved the Enhanced Verification Project, providing additional funding and 24 positions at the branch at a cost of \$2.3 million for the biennium. The goal was to increase program integrity, with the primary focus of screening all adults included in applications using the on-line wage, unemployment, and child support screens. Questionable eligibility cases were subject to more intense scrutiny by in-depth computer searches, questionnaires, and investigative referrals. Estimated savings for the biennium was \$15 million. According to OHP branch management, the Enhanced Verification Process has been used on all applications processed since February 2000.

## Audit Results

The Department of Human Services (department) should improve its efforts to ensure that only applicants eligible for the Oregon Health Plan are approved for coverage. Our testing identified a number of instances in which an individual or family was approved for coverage in error. We found that eligibility specialists' reliance on incomplete or inaccurate wage information for their determinations caused the majority of errors.

We also found that the department has decided to provide full OHP

coverage to some non-citizens although federal law prohibits this coverage.

### Unreported Income Not Always Identified

Applicants must meet income standards based on family size to be eligible for the Oregon Health Plan. They are required to submit proof of income with their applications, generally pay stubs. Eligibility is determined using the average income for a three-month period; the month coverage is requested (budget month) and the two preceding months. For example, basic coverage is available for a family of four with average monthly income up to \$1,471 (100 percent of federal poverty level). Pregnant women and children qualify for coverage with an average monthly income up to \$2,500 (170 percent of federal poverty level) for a family of four.

### Cases With Adult Members Who Had High Wages Had a Significant Rate of Error

We reviewed eligibility determinations made at the OHP branch during calendar year 2000 for 60 cases with high wages, and found that 15 had one or more ineligible recipients as a result of excess household income. Furthermore, coverage should have been denied for nine of the 15 cases, based on information available at the time of the determination.

We used wage information from the state Employment Department matched with the department's coverage information to determine that approximately 4,400 cases were approved at the OHP branch during 2000 that had annual household wages 25 percent or more above the OHP coverage limits. We then randomly selected 60 of these cases for review.

Our review, with a subsequent review by the department, found that 15 of the 60 cases had one or more

ineligible recipients as a result of excess income. OHP branch eligibility specialists should have denied coverage for the ineligible recipients in nine cases, based on the information available at the time. The department referred 11 cases to its Overpayment Unit.

We estimate that the annual cost for providing coverage to ineligible in the high-risk population (about 4,400 cases) was \$2.1 million, of which \$1.0 million was preventable.

### Cases With at Least One Adult Without a Recorded Social Security Number Had a Significant Rate of Error

The department should increase its effort to obtain and record social security numbers (SSNs) for individuals not required to provide SSNs. We found a significant rate of unreported wages for these individuals with no recorded SSNs whose wages needed to be considered in the eligibility determination process. The result was that OHP coverage was provided when an individual, family member(s), or both were ineligible.

A SSN helps the department make sure that a person is covered in only one household, and enables matches with state and federal records. For example, the department can determine if benefits are being paid by the Social Security Administration, and can obtain wage and unemployment information from the state Employment Department.

Some individuals are not required to provide SSNs to the department. Individuals not applying for coverage are not required to provide their SSNs to the department. For example, a parent may choose to not apply for coverage for himself or herself, but apply for coverage for the rest of the family. Non-citizens applying only for emergency services coverage under the Citizen/Alien Waived Emergent Medical (CAWEM) program also are not

required to provide SSNs. However, the wages of these individuals need to be considered by the department when determining whether other family members (or perhaps an entire family for the CAWEM program) are eligible for coverage.

We reviewed a sample of 27 adults (out of a population of approximately 15,000) without recorded SSNs whose wages needed to be considered for cases approved at the OHP branch with coverage beginning between January 1, 2000 and April 30, 2001. The OHP did not require these adults to provide SSNs because they did not apply for coverage for themselves, or they were covered in the CAWEM program. We were able to find a SSN for 12 of these individuals, primarily by using on-line information from the Employment Department. Three of these individuals did not report all wages earned during the three-month period used to determine eligibility. The result was that one or more family members were ineligible for OHP coverage in all three cases. The department referred the cases to its Investigations Unit.

It is likely that these instances of unreported income would have been detected by eligibility specialists and coverage denied if the SSN was available. The eligibility specialist would have been alerted to the probability of the unreported wages by viewing the on-line Employment Department information, and the application could have been pended for further inquiry.

Based on our sample review, we estimate that the preventable annual cost of providing coverage to ineligibles as a result of eligibility specialists' decreased ability to detect unreported wages for adults not having SSNs in the department's system is at least \$1.6 million. This amount is based on projecting the cost of the sample cases to the population of about 15,000 cases. The actual preventable cost is probably significantly higher because

we could not find SSNs for 15 of the 27 cases and, thus, were unable to detect unreported wages for those cases.

### **Cases with High-Risk Premium Arrearage Waivers Had a Significant Rate of Error**

Our review of high-risk premium arrearage waivers granted by the department found that most of the waivers were unjustified. These waivers were for applicants stating that they had no income, yet someone in the household worked at least 300 hours during the quarter the waiver was granted. A significant proportion of these cases was over the income limit for OHP coverage.

New eligible adults are charged a monthly premium for OHP coverage. The monthly premium is based on household size and income, and ranges from \$6 to \$23. Pregnant women and children are not required to pay premiums, nor are non-citizens receiving only emergency coverage.

Unpaid premiums do not affect eligibility during a current eligibility period. For example, if adult recipients have coverage from January through June, and stop paying premiums in March, their coverage continues through June. However, new eligible adult recipients with unpaid premiums are ineligible for any new periods of coverage until they pay the arrearage or the department waives it. Premium arrearages do not affect eligibility for children or pregnant women in the household.

The department can waive premium arrearages for a limited number of reasons. For instance, an arrearage may be waived if a recipient was homeless, was a victim of domestic violence or had no income during the budget period.

We reviewed a sample of high-risk waivers granted by the department

during calendar year 2000. The department granted about 30,000 waivers for the "no income" reason during that period. Using wage and hour information from the Department of Employment, we determined that about 1,260 of these waivers were granted during a quarter when an adult in the household worked at least 300 hours.

Our review and a subsequent review by the department found that 12 of the 20 waivers reviewed were granted despite a recipient's having income. Case narratives for four of the waivers indicated that eligibility specialists knew that the recipients had income during the budget period. The department determined that eligibility specialists should have denied six of the waivers, based on information available at the time of application.

All of the waivers reviewed were coded as "no income" waivers, but a possibility exists that a recipient who did not qualify for a no income waiver would qualify for another reason. However, case narratives for these waivers did not support a waiver for another reason.

The cost of waiving premium arrearages and covering recipients who would have been ineligible as a result of the unpaid premiums is estimated to be as much as \$900,000 for 2000. Of this amount, approximately \$500,000 was preventable. However, some of the arrearages would have been paid if required (the waiver request was denied by the department) in order for the adult applicants to gain another six months of OHP coverage.

While reviewing the waivers, we found that six of the cases had unreported income that, in addition to making the waiver request improper, was excessive to qualify for the OHP coverage received. Based on these results, we estimate that the annual cost of coverage for recipients in the population who had unreported income over eligibility limits was \$600,000, of which about \$300,000

was preventable. These recipients were ineligible regardless of whether they had paid their premium arrearages.

The estimated costs reported above apply only to the population of about 1,260 waivers from which our sample was drawn. As noted, these are high risk, based on the hours-worked information from the Employment Department. The rate of improperly requested waivers for the approximately 28,740 remaining no income waivers granted by the department during 2000 would be expected to be lower than our sample rate, although the overall cost is probably greater.

### **Limited Verification of Eligibility Information a Problem**

We found that unreported wages not detected by an eligibility specialist was a primary cause for ineligible recipients. In most cases, an applicant did not report wages from a second job, underestimated wages for the budget month, or did not report wages for a spouse.

### **Eligibility Specialists Did Not Always Follow OHP's Enhanced Verification Process**

Eligibility specialists have on-line access to Employment Department wage information; however, wage information for the three months used in the eligibility determination is often not current (wages are reported by employers to the Employment Department on a quarterly basis, generally a month or two after the quarter ends).

A review of the on-line wage information for all adults on a case is required by the Enhanced Verification Process and can provide valuable information to an eligibility specialist. For example, it provides a history regarding applicants working multiple jobs and both spouses

working. Based on the cases we reviewed, it appeared that eligibility specialists did not always review the Employment Department wage information; instead, they relied on the pay stubs submitted with an application for the proof of income.

### **Eligibility Specialists Not Expected to Review Prior Eligibility Determinations**

We also noted that eligibility specialists are not expected to review previous determinations for cases when processing applications for an additional six months of coverage. They do not compare the average monthly income computed by an eligibility specialist to the wage amounts reported by the Employment Department. Although the on-line Employment Department information may not be timely for current determinations, the information would have a history of employment by an applicant that could be used to determine whether previous wage information provided by an applicant was accurate. Consequently, cases involving past ineligibility are more likely to continue with undetected ineligibles receiving coverage.

### **Case Narratives for Prior Eligibility Determinations Do Not Include Basis or Support for Past Waivers**

Eligibility specialists do not have access to previous waiver information, unless it was included in the case narration. Our review noted several cases in which there was insufficient case narration to support a waiver. Such narration provides a history of waivers granted that can be useful to an eligibility specialist when reviewing a current premium waiver request in conjunction with on-line wage information from the Employment Department. This comparison can reveal past waivers that were unjustified, alerting an eligibility specialist to more closely

scrutinize a current waiver request and application for coverage.

We found that eligibility specialists sometimes granted a premium arrearage waiver for the "no income" reason even though they knew that an applicant had income. This was apparent from the case narratives for four of the waivers we reviewed.

### **Eligibility Specialists Did Not Investigate Significant Drops in Monthly Income**

During our review, we also found several cases with no explanation when an applicant's estimated budget month income was significantly lower than the two preceding months and the low estimate resulted in the case qualifying for coverage. In these cases, the estimated amount was not questioned and resulted in approved coverage for applicants who were not eligible. Case narration often did not provide an explanation for the low estimate.

For the budget month, the total amount of income is generally not known, since the month is not over; therefore, income is based on an anticipated amount. The department does not have a standard policy providing guidance for eligibility specialists on when to pend an application in regard to a budget month estimate. We noted some cases incorrectly granted coverage, based on a low budget month estimate as a result of the inconsistent practices by eligibility specialists.

### **Non-Applicant Case Member SSNs Not Voluntarily Requested**

The department discourages the voluntary provision of a SSN. The OHP mail-in application states that a SSN should be given only for people applying for benefits. According to the department, this is the result of a review by the Health Care Financing Administration (HCFA) that found that the OHP application required the

SSN for individuals not applying for coverage, contrary to federal requirements. However, guidance from HCFA says that states may ask non-applicant family members to voluntarily provide SSNs, as long as they indicate that compliance is voluntary and what they will be doing with the SSN (using it for program administration and that it will not be provided to others). According to HCFA, state experience suggests very high reporting rates when individuals are asked to provide their SSNs voluntarily.

When SSNs are not voluntarily provided to the department by adults, they are still usually available because proof of income, generally pay stubs, is required to be submitted with the application for coverage. If these SSNs are verified by an eligibility specialist, they can be recorded in the department's Client Maintenance System, automatically associating that SSN with an individual in various on-line screens. At a minimum, they can be recorded in the alias screen accessed from a primary screen in the department's on-line system used by eligibility specialists when determining eligibility. A SSN would then be available to an eligibility specialist as an aid for detecting unreported wages.

### **The Department Does Record Accurate SSNs When Required**

To determine the validity of the OHP recipients' SSNs recorded in the department's computer system, we selected a random sample of 100 SSNs for new eligible recipients who had coverage periods beginning on or after January 1, 2000 through May 31, 2001. The sample consisted of 50 adults and 50 children. We submitted the SSNs to the Social Security Administration for verification. The result was two invalid SSNs, both involving children. The department has corrected the recorded SSN for both children.

We found that the department did not have recorded SSNs for some OHP recipients required to provide a SSN. Our computer analysis revealed that the department did not have a recorded SSN for 5,680 (about 2 percent of the total) of the recipients who were required to provide a SSN for coverage beginning between January 1, 2000 and April 30, 2001. Most of these recipients were children; only 380 were adults.

**We recommend** that the department:

- Provide training to eligibility specialists to ensure that the Employment Department wage information for all adults is reviewed during a determination; that premium arrearages are not waived for the "no income" reason when it is known that there was income during the budget period; and that case narration include the basis for granting premium arrearage waivers.
- Require eligibility specialists to review the on-line Employment Department wage information for reapplications to detect unreported wages from the prior eligibility determinations and no income premium arrearage waivers. Cases with unreported income should receive additional scrutiny during the current determination and also should be referred to the department's Overpayment Unit if appropriate.
- Develop a policy to pend all cases for proof of income for the budget month when an estimate is significantly lower than the preceding two-month average and the low estimate results in eligibility. Require eligibility specialists to document the reason for a low estimate (for example loss of a job, reduced hours) in the case narration when proof of income is not sought.
- Consider periodically analyzing and reviewing high-risk cases by matching the department's

records with wage information from the Employment Department.

- Periodically analyze the department's records to list covered individuals requiring a SSN who do not have a recorded SSN in order to obtain and verify the SSN as a condition for continued coverage.
- Revise the OHP application to voluntarily request the SSN for individuals not required to provide a SSN for eligibility. The department should follow HCFA guidance when making the revision.
- Record available SSNs, for example from pay stubs submitted with the OHP application, for individuals without recorded SSNs.

### **Non-Citizens Receiving Full OHP Benefits When Prohibited by Federal Law**

We found that the department provides full Oregon Health Plan coverage to some non-citizens although prohibited by federal law. We also found inadequate documentation to justify full OHP coverage for other non-citizens. Furthermore, the mail-in OHP application process increases the risk of providing full OHP coverage to ineligible non-citizens.

United States citizens, and certain legal non-citizens meeting other eligibility requirements, qualify for full OHP coverage. Federal law specifies that legal permanent resident immigrants living in the United States prior to August 22, 1996 to whom 40 qualifying quarters of Social Security coverage can be credited (quarters may be pooled with a spouse or parent) qualify for mandatory full Medicaid (OHP) coverage. Federal law also specifies that legal permanent resident immigrants arriving in the United States on or after August 22, 1996 qualify for mandatory full coverage

only after being in the United States for five years (five-year ban) and having 40 qualifying quarters of Social Security coverage. The states may waive the 40 qualifying quarters requirement for providing full coverage, but not the five-year ban. Legal non-citizens not qualifying for full coverage, and all illegal non-citizens who qualify for the OHP except for citizenship status, are eligible for emergency services coverage under the Citizen/Alien Waived Emergency Medical (CAWEM) program.

United States citizenship is self-declared on the OHP mail-in application. Applicants check a box to indicate if they are a United States citizen or a non-citizen. Applicants indicating that they are non-citizens must provide immigration documentation that includes an official date of entry into the United States. The documentation is verified through an automated system maintained by the federal Immigration and Naturalization Service. Eligibility specialists then use a chart in the department's eligibility manual to determine if non-citizens are eligible for full OHP coverage.

### **The Department Does Not Apply the Federal Five-Year Ban on Medicaid Eligibility**

We found that the department does not apply the five-year ban on Medicaid coverage for legal permanent resident immigrants arriving in the United States on or after August 22, 1996.

We reviewed a sample of 25 cases from a total of 812 cases with at least one recipient who was identified in the department's system as an ineligible non-citizen and subsequently had full coverage approved by the OHP branch between January 1, 1996 and May 31, 2001. We noted two cases in which the department did not apply the five-year ban. Both involved fathers with official dates of entry in

1988, while the wives and children arrived after August 22, 1996. The wife and children in one case had dates of entry beginning in 1999, yet all members in this family of seven were granted full coverage. The wife and two children in the other case had a date of entry in 1998, and the entire family was also granted full coverage. The department granted full OHP coverage to all family members because both fathers had at least 40 qualifying quarters of work.

The department's eligibility manual states that legal permanent residents, regardless of their dates of entry, are eligible for full OHP coverage if the family can be credited with 40 quarters of qualifying work. We were told that the department is aware of the discrepancy with federal law, but a national debate exists on how to apply the law, and the department has chosen to not apply the five-year ban. According to a HCFA official, states do not have the option to waive the five-year ban.

We are unable to estimate the cost resulting from the department's decision to not apply the five-year ban. Our sample was drawn from the small population of 812 cases in the department's system that had a status change from ineligible alien to full coverage. Otherwise, the department's system does not differentiate between United States citizens and non-citizens determined to be qualified for full OHP coverage.

### **The Department Does Not Always Document the Basis for Providing Full Coverage to Non-Citizens**

We reviewed the documentation supporting full OHP coverage for the random sample of 25 OHP cases described above. We shared our results with the department, and it was determined that two of the cases lacked adequate documentation to support granting full coverage to at

least one of the recipients on each case.

### **OHP Mail-In Application Increases Risk of Ineligible Non-Citizens Receiving Full OHP Benefits**

The department relies on self-declaration by applicants regarding United States citizenship. Applicants indicate their citizenship status in the OHP application by checking one of two boxes: "U.S. citizen yes or no." If the "yes" box is checked, an applicant is assumed to be a citizen, unless some reason exists for an eligibility specialist to think that the applicant is a non-citizen. Because the applications processed at the OHP branch are mailed in, few opportunities exist for eligibility specialists to identify facts inconsistent with an applicant's claim of being a citizen. Verification of citizenship (for example by birth certificate, United States passport or naturalization certificate) is allowed but not required for the Medicaid program.

The department does not believe that ineligible non-citizens claiming to be United States citizens and receiving full OHP coverage is a significant problem. Department staff stated that citizenship has not been identified as an eligibility issue in the OHP quality control reviews. We determined, however, that citizenship status is not verified for the OHP quality control cases. The risk of providing full coverage to ineligible non-citizens is inherently higher for the OHP-only recipients, as compared to those also receiving Food Stamps. The Food Stamps program requires face-to-face interviews with an assigned caseworker, while the OHP application is usually mailed in for cases receiving no other public assistance. While performing our reviews, we noted that case narration by Food Stamp workers consistently provided better documentation of

citizenship status than cases processed at the OHP branch.

We did not test the validity of claimed citizenship for OHP recipients in our review and are thus unable to estimate the cost to the department of granting full OHP coverage to ineligible non-citizens claiming to be United States citizens. However, these costs could be significant. We estimate that if 1 percent of adults receiving full OHP coverage are ineligible non-citizens, the annual cost is \$1.7 million.

**We recommend** that the department:

- Revise the eligibility manual and eligibility determination practices to comply with federal law. The federal five-year ban should be applied immediately to any new OHP certification periods, and the department should consider reviewing active cases and revising eligibility status to comply with federal law.
- Include verification of citizenship status in the quality control reviews of OHP approved cases to determine the significance of this eligibility issue.
- Provide training to eligibility specialists to adequately document the basis used to determine that non-citizens qualify for full coverage.
- Consider verification of United States citizenship for applicants initially applying for OHP coverage.

### **Other Eligibility Requirements—Oregon Residency**

#### **Recipients Using P.O. Boxes Found to be Oregon Residents**

The department mails the OHP medical care identification cards to recipients monthly. A post office (P.O.) box can be used for the mailing address, but a recipient must

still provide a home address (unless homeless). Our concern was that recipients receiving their OHP medical cards in a P.O. box might not reside in Oregon (an eligibility requirement). In order to test this concern, we selected a sample of 32 P.O. boxes used as mailing addresses from the department's June 2001 mailing list for the cards. We restricted our sample to P.O. boxes in locations near the Oregon border; for example, Astoria, Portland, Hood River, Ontario, and Brookings.

The department's Investigations Unit sent postmaster letters on our behalf to the applicable post offices for the 32 P.O. boxes we selected for review. Post offices are expected to return the letters and report a physical address for a renter of a P.O. box. After receiving the letters, the Investigations Unit made site visits for four of the P.O. boxes to gather additional information. It was determined that the recipients using the 32 P.O. boxes were Oregon residents.

### **Other Matters**

#### **The Federal Five-Year Ban Affects Other Department Programs**

The five-year ban on Medicaid (OHP) coverage for legal permanent resident immigrants arriving on or after August 22, 1996 applies to certain other federal programs administered by the department, including Temporary Assistance to Needy Families (TANF). We found that the department is not applying the federal five-year ban to applications for TANF. The department's eligibility manual states that legal permanent resident immigrants, regardless of their dates of entry, are eligible for TANF benefits.

**We recommend** that the department revise the eligibility manual and eligibility determination practices to comply with federal law

for TANF and other applicable federal programs. The federal five-year ban should be enforced for any new applications to participate in affected programs. The department also should consider reviewing active cases in those programs and revising the eligibility status of recipients to comply with the five-year ban.

### **Objectives, Scope and Methodology**

The objectives of our audit were to determine if:

- The department has in place effective management controls to ensure that only eligible individuals receive Oregon Health Plan coverage. The emphasis was on determining the extent of unreported wages in the applications processed at the OHP branch located in Salem.
- OHP premium arrearage waivers granted by the department for the "no income" reason were proper.
- The department properly changed the status for recipients from ineligible alien to full OHP coverage.
- Recipients using P.O. boxes to receive their monthly OHP medical care identification cards were Oregon residents.

To accomplish these objectives, we reviewed applicable laws, rules, policies and procedures. We interviewed department staff and management. We reviewed reports issued by the department's Quality Control Unit covering the monthly review of cases approved and denied at the OHP branch.

We matched wage and hours worked information from the state Employment Department with recipient records maintained by the department. We used this matched information to:

- Select a sample of cases for review in which the calendar year 2000 household wages were 25

percent or more above the OHP coverage limit.

- Select a sample of cases for review that had their OHP premium arrearages waived for the "no income" reason when a member of the household worked 300 or more hours that quarter.

We analyzed the department's recipient records to identify individuals without recorded social security numbers. We then split this population into those required and those not required to provide a SSN to the department for coverage.

Sample cases were reviewed in both populations.

We selected a sample of social security numbers recorded in the department's recipient records and verified them with the Social Security Administration to determine the accuracy of the SSNs recorded by the department.

We selected a sample of individuals for review from the department's recipient records whose status changed from ineligible alien to full OHP coverage.

We selected a sample of cases with P.O. box mailing addresses located

near the state's borders from the department's June 2001 medical care identification card mailing list for review.

We presented the results of our review to the department for its review of cases with questionable OHP eligibility. The department also provided its judgment on whether the ineligible cases were preventable.

We conducted this audit according to generally accepted government auditing standards. We limited our review to the areas specified above.

### Department of Human Services' Response to the Audit Report

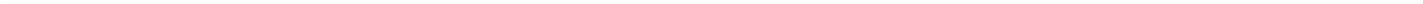
The department generally agrees with the findings of the audit and has already addressed some of the recommendations including training for eligibility specialists and revising the application form regarding voluntary disclosure of social security numbers.

We implemented an enhanced verification process for all OHP applications in February 2000. (Many of the applications your staff reviewed were done prior to this time.) This process involves a more in-depth review of reapplications and requires verification for three income elements including the Employment Department wage records for both the wage screen and unemployment information and child support income.

We also think it's important to point out that determinations are based on a combination of actual and projected income at the time of application. While we agree that going back and re-verifying all projected information is desirable, we are not currently staffed to perform these tasks, particularly given the increases in caseloads. We will, however, give this consideration as we develop future budget proposal.

Finally, we will review the policy regarding the five-year ban for legal permanent resident immigrants arriving in the United States on or after August 22, 1996 with the Center for Medicare/Medicaid Services and will adjust policy according to their direction.

Insofar as the TANF program is concerned, we identified in our TANF State Plan, under special provisions, that we will continue to serve this group of non-citizens using general fund dollars. This was done with legislative approval.



---

*This report, which is a public record, is intended to promote the best possible management of public resources. Copies may be obtained by mail at Oregon Audits Division, Public Service Building, Salem, Oregon 97310, by phone at 503-986-2255 and 800-336-8218 (hotline), or internet at [Audits.Hotline@state.or.us](mailto:Audits.Hotline@state.or.us) and <http://www.sos.state.or.us/audits/audithp.htm>.*

---

AUDIT ADMINISTRATOR: *Charles Hibner, CPA* • AUDIT STAFF: *Gary Fredricks, CPA* • *Robert Martinez* • *Jonathan Hart, MA*

DEPUTY DIRECTOR: *Charles Hibner, CPA*

*The courtesies and cooperation extended by the officials and staff of the Department of Human Services were commendable and much appreciated.*

***Auditing to Protect the Public Interest and Improve Oregon Government***

---