



Auditor Alert

May 17, 2017

The Oregon Health Authority May Be Providing Medicaid Benefits to Ineligible Recipients¹

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.

Failure to timely and properly validate ongoing benefits could have significant fiscal impact. Medicaid benefits are funded by both federal and state monies. Providing Medicaid benefits to ineligible recipients may place federal funding to Oregon in jeopardy and result in a misuse of state monies. In Oregon, most Medicaid recipients receive medical services through enrollment in provider networks called Coordinated Care Organizations. At an average monthly cost of \$430 per enrolled client, coverage for these individuals costs about \$37 million per month. OHA needs to take expedient action to appropriately process renewals for these individuals to ensure they are eligible for assistance.

Next Steps and Recommended Actions

The Secretary of State's Office recognizes the complexity of this effort and the substantive work burden it has placed on OHA. The Secretary of State's Office will be issuing two audits this year examining Medicaid related matters. The first audit to be released during the spring will discuss controls in place for two critical Medicaid information systems. A subsequent audit examining improper Medicaid payments will be issued later in the year. The scope of the Medicaid improper payment audit will include follow-up work on the issue discussed herein. In addition to the Secretary of State's work on this issue, we recommend OHA and the State Legislature consider the following actions:

1. OHA should work with the federal regulatory authorities to ensure federal Medicaid funding is not jeopardized while OHA resolves these eligibility determination issues.
2. The Legislature should require OHA to report on its efforts to resolve these issues and fiscal impacts to the Legislature no later than September 30, 2017.

¹ Auditor Alerts provide information on significant audit issues or concerns that have come to the attention of the Audits Division through an audit or otherwise and require immediate action by management. While not in full compliance with rigorous audit standards, Auditor Alerts serve as a reporting vehicle that is flexible, timely, and focused on a singular issue.

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