



Department of Legislative Services
Office of Legislative Audits

Department of Health and Mental Hygiene

and

Department of Human Resources

Using the Federal Death Master File to Detect and Prevent Improper Payments

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Audit Scope, Objective and Methodology

- We conducted a performance audit to evaluate whether the Social Security Administration's Death Master File (DMF) was an efficient and effective tool for detecting and preventing Medicaid payments made to service providers for deceased persons.
 - We matched the February 2011 DMF to Medical Care Programs Administration's file of eligible Medicaid recipients as of March 2011 based on matches of three data fields (SSN, DOB, last name). We then identified Medicaid payments made from January 1, 2008 to August 31, 2011 attributable to these persons after their reported dates of death. This extraction identified 323 individuals with payments of \$2.5 million.
 - Of the 323 individuals, we reviewed in detail 20 individuals for whom the largest amount of payments were made after their reported dates of death.
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Background

- Medicaid is a joint federal and state program that provides medical care to low-income citizens.
- The DHMH's Medical Care Program Administration primarily administers the program. Applicant eligibility is primarily determined by DHR's local departments of social services. The federal government generally funds 50% of program costs.
- During FY 2011, Medicaid expenditures totaled \$7.7 billion and services were provided to 959,000 individuals.
- Most Medicaid recipients are required to enroll in a managed care organization (MCO). The MCOs receive a monthly capitation payment from MCPA for each enrolled recipient regardless of whether any services were provided to the recipient during any particular month.



Death Master File

- The Death Master File (DMF) is maintained by the Social Security Administration (SSA). It contains information on over 89 million decedents, such as their social security number, name, date of birth, date of death, and location of last known residence.
- SSA authorizes the use of the DMF as a death verification tool. The DMF is widely used by many federal and state agencies and private entities to assist in detecting improper payments.



Finding 1

Medicaid eligibility files should be periodically matched to a national death database to identify payments attributable to deceased individuals.

- Our review of payments attributable to 20 individuals after their dates of death in the DMF disclosed improper payments in 10 cases totaling \$426,000. Nine of the ten cases in which improper payments occurred were monthly capitation payments to MCOs. (For the other 10 cases, the individuals were not deceased.)
 - Although DHMH performs certain matches with Md. death files, neither DHMH or DHR used any national listing of deaths to prevent Medicaid payments for individuals who had died outside of the State.
 - DHMH should recover all improper payments attributable to the 10 individuals and investigate the other 303 individuals with Medicaid payments after their reported dates of death.
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Finding 2

Other cases identified by match results should be investigated and any overpayments should be recovered.

- Our match, based on SSN only, disclosed 1,582 individuals reflected as eligible for Medicaid services that were listed as deceased on the DMF. Medicaid payments totaling \$7.5 million were attributable to 532 of these individuals from January, 1, 2008 to March 10, 2011 for services rendered after their dates of death reported on the DMF (532 includes the previous 323 individuals).
 - The match results suggest there could be other data inaccuracies involving SSN, DOB, and names within DHR and DHMH computer systems. For example individuals could have used the identity of others to inappropriately obtain Medicaid benefits since 184 of the matched SSN's did not agree for both DOB and last name.
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Finding 3

DHR and DHMH should evaluate the factors that contributed to the overpayments and make any necessary system or process changes.

- Medicaid eligibility was not always cancelled when an event occurred that should have changed a recipient's eligibility status. In one case, DHR's records indicated that a recipient was deceased but eligibility for Medicaid benefits was not canceled.
- For one case payments to a nursing home began 11 months after the individual's death and continued for 28 months. The circumstances of this case raise questions regarding the billings and the adequacy of related verification procedures.



Finding 3 – (continued)

- DHR did not verify the continued eligibility of individuals who obtained Medicaid eligibility because they received federal Supplemental Security Income (SSI) payments.
 - Unlike other Medicaid recipients, periodic redeterminations of eligibility are not performed for those who are SSI eligible.
 - During FY 2011, MCPA's records indicated that medical providers were paid \$1.7 billion attributable to 115,000 individuals who received Medicaid eligibility because of their eligibility for SSI benefits.
 - Furthermore, 8 of the 10 cases that had improper payments involved individuals who received Medicaid eligibility because of their eligibility for SSI.
 - DHR did not always verify that individuals approved for Medicaid benefits were Maryland residents.
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Conclusion

DHMH and DHR need to:

- Develop a process for using the Social Security Administration's DMF to detect deceased individuals who are eligible for Medicaid
- Recover identified improper payments and further investigate payments for deceased individuals identified by our match
- Evaluate the factors contributing to the overpayments, such as those described above, and institute necessary process and system changes or other actions to prevent recurrence and to detect improper payments sooner
- Periodically verify the continued eligibility of individuals who were approved for Medicaid benefits because of their approval for SSI benefits