



Lawrence F. Alwin, CPA
State Auditor

An Audit Report on Medicaid Long-Term Care Claims Data at the Department of Human Services

January 2, 2002

Members of the Legislative Audit Committee:

During January 2001, the Department of Human Services (Department) processed \$287.5 million in Medicaid long-term care claims together with its contractor, National Heritage Insurance Corporation. During our testing of the payments made on those claims, we identified the following exceptions in the automated Claims Management System that processes the payments:

- The Department has not complied with Code of Federal Regulations, Title 42, Section 447.45, which requires the Department to require providers to submit all claims no later than 12 months from the date of service. We identified 6,681 payments totaling \$5 million for which the claim submission date was more than 365 days after the date of service.
- The Department has paid for services provided on the same date to the same client by two different programs, contrary to its policies and procedures. We identified 240 occurrences of overlapping claims totaling \$379,114. We estimate the associated questionable payments range from \$30,929 to \$348,184.

We provided specific recommendations to address these exceptions in a separate management letter to the Department. The Department has begun to research the exceptions we identified and is addressing appropriate corrective action. We appreciate the courtesy and cooperation of the Department's management and staff during this audit. If you have any questions, please contact Joanna B. Peavy, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

khm

- cc: Texas Board of Human Services
 Mr. Jon M. Bradley, Chair
 Mr. Jerry Kane, Vice Chair
 Dr. Abigail Rios Barrera
 Mr. John A. Cuellar
 Mr. Manson B. Johnson
 Ms. Terry Durkin Wilkinson
 Mr. Jim Hine, Commissioner, Department of Human Services
 Ms. Karen Hale, Commissioner,
 Department of Mental Health and Mental Retardation

Summary of Objective, Scope, and Methodology

The objective of this audit was to evaluate the integrity of claims data stored in CMS. CMS is an alliance of computer applications at the Department of Human Services, the Department of Mental Health and Mental Retardation, and National Heritage Insurance Corporation.

We tested key automated processes in CMS by analyzing all payments made during January 2001. We tested claims for timely submission and payments for mutually exclusive services, computation of reimbursements, and specific requirements related to long-term care services.

This audit was conducted in accordance with generally accepted government auditing standards.

SAO Report No. 02-018

