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## Audit Shows Medicaid Problems

### *But overall state handles federal funds well*

An audit underscores Idaho's Medicaid oversight problems. But overall, the state handles federal funds well, auditors conclude.

The state Health and Welfare Department is having problems with its Medicaid system and may have to repay some federal money under the Temporary Assistance for Needy Families program because it wasn't spent properly, the Legislative Services Office says.

The state drags a fine-toothed comb through the department's finances for the year that ended June 30 in part to meet federal requirements, since about 70 percent of the department's \$2 billion budget is federally funded, Health and Welfare spokesman Tom Shanahan said.

"Idaho does a good job administering its federal funds in compliance with applicable laws and regulations," Don H. Berg, manager of the legislative audits division, told state officials in a letter with the audit.

However, the report highlighted some deficiencies that will take resources and manpower to fix.

**Problem:** Medicaid payments of \$2.5 million for unknown services.

**Audit says:** The records are for "miscellaneous unknown" services, which aren't allowed under the federal Medicaid grant. Despite efforts to fix these claims, they have only multiplied since last June.

**Health and Welfare replies:** The department saw this coming with the switchover to the new claims system it bought from Molina Healthcare Inc., which has caused payment delays to providers. The state corrected problems with about one-third of the claims the audit cited before pausing to tend to "higher priority concerns," but expects to tackle the rest starting this month.

**Problem:** Data wasn't checked during the switch to a new Medicaid system.

**Audit says:** There was no Medicaid provider name or number for 70,000 transactions of 74,762 in the new system. Some dollar amounts and provider identifications were messed up, and no process was in place to verify the data.

**Health and Welfare replies:** The department ran tests but acknowledges there were some errors. They'll be fixed.

**Problem:** Some spending was mischaracterized.

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**Audit says:** About \$4 million of the \$13 million that Idaho had to spend on TANF to get federal grant money didn't actually qualify because it wasn't properly linked with TANF-eligible people. A similar problem happened in 2009 with about \$5.2 million of expenses.

**Health and Welfare replies:** The state will work the federal government to fix it, which could mean taking care of the requirement through spending in another program.

**Problem:** About \$869,000 charged for TANF for child welfare didn't actually qualify.

**Audit says:** The department used TANF funds for contracts that provide services such as drug testing, substance abuse liaisons, on-call staffing, and child protective and foster-care placement — services that may be allowed for other federal grants but not for TANF.

**Health and Welfare replies:** The Division of Family and Community Services has gathered those contracts and is auditing them.

**Problem:** Monitoring of public health district sub-contracts doesn't comply with federal rules.

**Audit says:** Health and Welfare contracts with seven public health districts for various services and activities, but the department doesn't monitor their costs closely enough.

**Health and Welfare replies:** True. Financial monitoring has been limited. But the department hired a new business analyst to help with that starting July 1.

**Problem:** Medicaid overpayments, lack of documentation

**Audit says:** About 300 overpaid claims haven't been paid back to Medicaid. The department is still trying to match about \$2.5 million of Medicaid payments to actual claims, a problem stemming from the Medicaid system switchover. Also, auditors could not find adequate documentation to support \$47,000 of Medicaid expenditures.

**Health and Welfare replies:** The department is gathering documentation for some of the expenses and will be spending 2011 fixing the other problems, which are due to things like data-entry errors.

## **Audit shows medicare problems2**