



OFFICE OF THE STATE AUDITOR



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\$286 MILLION PROJECTED AT RISK DUE TO POTENTIAL INELIGIBLE MEDICAID CLAIMS

DENVER—the Office of the State Auditor (OSA) has released the second and final part of its Statewide Single Audit for Fiscal Year 2019 and has found a number of significant issues with the Department of Health Care Policy and Financing’s (Department) compliance with eligibility requirements for Medicaid. In total, the OSA identified nearly \$2.7 million in known questioned costs and over \$286 million in likely questioned costs projected through statistical analyses.

Auditors looked at the Department’s Medicaid controls over eligibility determinations and found errors in 32 of the 125 Medicaid case files tested. Over 2,800 individuals had Medicaid claims paid on their behalf when they did not have a Social Security Number (SSN) documented in Colorado interchange while 1,590 of these individuals had never had an SSN documented in the Colorado Benefits Management System. Both systems are supposed to interact to confirm data. As a result of the missing SSNs, auditors identified nearly \$2.3 million in known questioned costs. Auditors also found issues with duplicate SSNs and State IDs.

In addition to these issues, the Department made Medicaid claims payments to providers on behalf of beneficiaries that were deemed ineligible for Medicaid

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at the time services were provided. The Department inappropriately paid providers for services provided to the individuals even though they were not eligible for Medicaid resulting in \$181,320 in known questioned costs and \$835,587 in likely questioned costs projected through statistical sampling.

Overall, the OSA made 133 recommendations to state agencies for Fiscal Year Ended June 30, 2019. The State's financial statements had \$42.5 billion in total assets and \$34.4 billion in total expenditures. The State expended about \$12.3 billion in federal funds, the largest of which was \$5.4 billion for Medicaid.

The departments with the most recommendations are the Office of the State Controller, Health Care Policy and Financing, and the Governor's Office.

The full report is available @ www.colorado.gov/auditor.

Under the direction of the state auditor, the OSA is the state's nonpartisan, independent external auditor with broad authority to audit state agencies, departments, institutions of higher education, and the Judicial and Legislative Branches. The OSA's professional staff serve the people of Colorado by addressing relevant public issues through high-quality, objective audits and reviews that promote accountability and positive change in government. Performance audits address whether programs operate in compliance with laws and regulations and in a manner that accomplishes intended program goals. Financial audits include annual audits of the state's basic financial statements and federal grants on a statewide level. IT audits review procedures and technology to ensure the confidentiality, integrity and availability of the state's critical computer systems and taxpayer data. The OSA also tracks about 4,000 Colorado local governments for compliance with the Local Government Audit Law.