COMMITMENT
INTEGRITY
LEADERSHIP

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FACT SHEET

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Department of Health Care Services

It Paid Billions in Questionable Medi-Cal Premiums and Claims Because It Failed to Follow Up on Eligibility Discrepancies

Background

Administered by the Department of Health Care Services (Health Care Services), the California Medical Assistance Program (Medi-Cal) provides health care services to the aged, disabled, and people with low income using two delivery models: managed care and fee for service. Health Care Services pays a managed care plan a monthly capitation payment (premium) to provide eligible services for a Medi-Cal beneficiary and pays medical providers directly for the services they provide to the beneficiaries under fee for service. Counties generally determine eligibility and record the information in the county eligibility systems that update the State's eligibility system which Health Care Services uses to determine what it pays for Medi-Cal beneficiaries. Nearly a third of the State's population and half of the State's youth are currently enrolled in Medi-Cal. Our office has identified Health Care Services as an agency with high-risk characteristics since 2013 for a variety of reasons including concerns with the State's eligibility system.

Key Recommendations

Health Care Services should do the following:

- Resolve the discrepancies we identified, recover erroneous payments when possible, and implement protocols to ensure timely resolution of discrepancies.
- Assist counties in addressing discrepancies by providing user-friendly exception reports and updating guidance related to prioritizing system alerts.

Key Findings

- Health Care Services paid at least $4 billion to managed care plans and fee-for-service medical providers over a four-year period for individuals who may have been ineligible for Medi-Cal.
  - » We found pervasive discrepancies between the state and county systems when we compared Medi-Cal beneficiary eligibility data—more than 453,000 beneficiaries were marked as eligible in the State's system but were not listed as eligible in county systems.
  - » Over half of these discrepancies we identified persisted for more than two years.
- We identified 170,000 beneficiaries who had temporary eligibility statuses that were past the allowed period for temporary Medi-Cal eligibility which may amass significant costs to the State.
  - » Most of these cases were more than a year beyond the allowable time frame and nearly 12 percent were at least three years past the time frame.
  - » Health Care Services paid over $6 million in claims for a beneficiary transitioning from another entitlement program whose county had not determined eligibility for two and a half years.
- Some eligible individuals may have encountered unnecessary hardship and been inappropriately denied services—we found more than 54,000 individuals who had been eligible for Medi-Cal for at least three months per county records, but were not eligible in the State's system.
- Although Health Care Services notifies counties of discrepancies between the systems, it did not ensure the timely resolution of these discrepancies even though it paid counties $2.3 billion for local administration of Medi-Cal eligibility in fiscal year 2017–18.

Large Discrepancies Exist Between Health Care Services' and Counties' Medi-Cal Eligibility Records