



Secretary of State **Oregon Audits Division**



Department of Human Services and Oregon Health Authority **Using the U.S. Treasury's Do Not Pay System for Health and Human Services Programs Will Save Taxpayers Money**

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Executive Summary

Why This Audit is Important

- » The Department of Human Services (DHS) and Oregon Health Authority (OHA) operate multiple federally funded public assistance programs that serve over 1 million Oregonians.
- » Oregon spends about half of the state's budget on Health and Human Services programs, about \$13 billion annually.
- » Savings from reducing improper payments can increase resources available to serve those in need.
- » Congress and the Office of Management and Budget have made reducing improper payments a strategic goal.
- » The Improper Payments Elimination and Recovery Improvement Act of 2012 created a new federal program, Do Not Pay, in the U.S. Treasury. Do Not Pay is available for free to any government agency administering a federally funded program.
- » Improper payments cost taxpayers nationwide an estimated \$141 billion across 90 federal programs in 2017.

Department of Human Services and Oregon Health Authority Using the U.S. Treasury's Do Not Pay System for Health and Human Services Programs Will Save Taxpayers Money

The Oregon Audits Division was the first state audit organization in the nation to be granted access to the U.S. Treasury's Do Not Pay System. The system is designed to help identify, prevent, and inform government programs on the potential to recover improper payments in federally funded, state-administered health and human services programs.

What We Found

1. By using Do Not Pay to identify ineligible recipients, over \$790,000 in recovery and cost avoidance was identified, generating a return on investment of about \$286 in savings for every \$1 spent. ([pg. 6](#))
2. Do Not Pay's data analytics can provide assurance that processes are working effectively, as well as help improve existing processes by identifying data quality issues, compliance issues, and gaps in internal controls. ([pg. 9](#))
 - a. Do Not Pay can help identify data quality issues.
 - b. OHA was not in full compliance with Medicaid provider screening requirements.
 - c. Data analytics identified a weakness in internal controls. These weaknesses allowed payments for public assistance to be issued on behalf of deceased and ineligible individuals.

What We Recommend

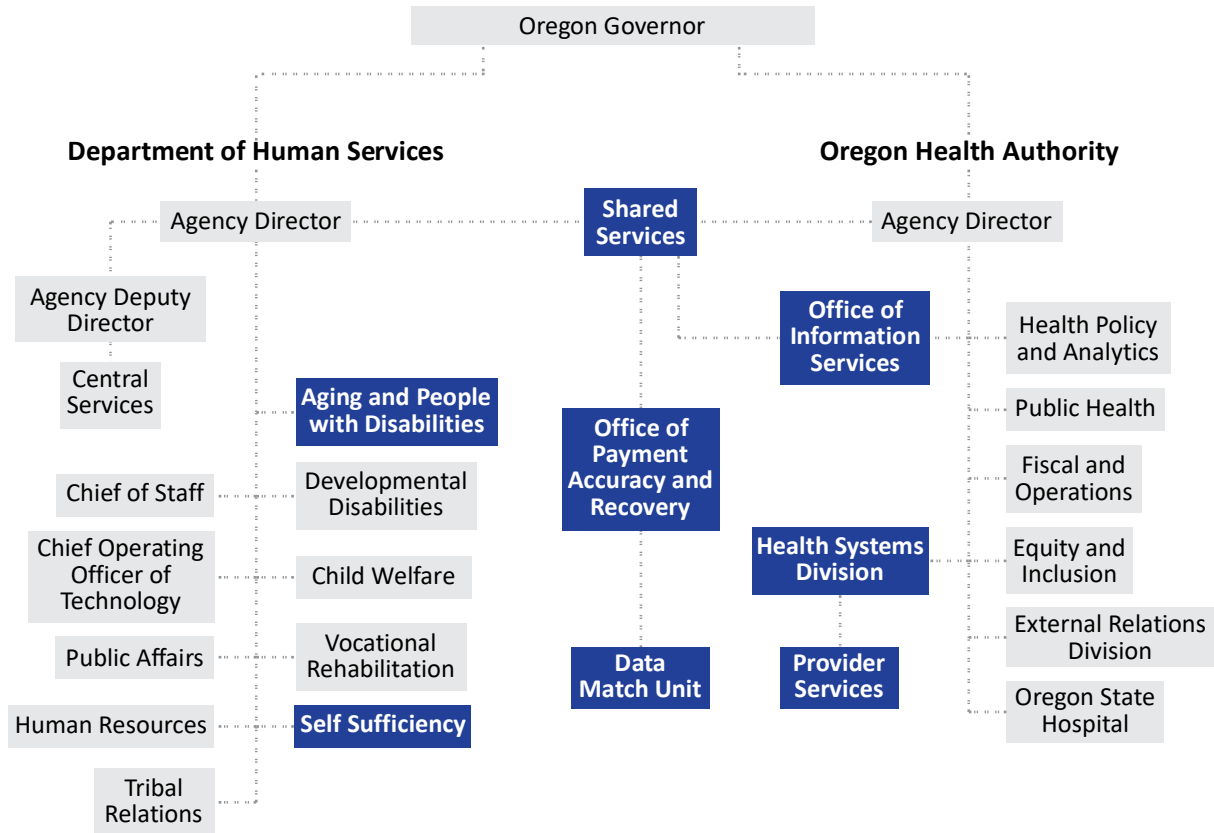
DHS and OHA should work with the U.S. Treasury to obtain access to Do Not Pay's worker portal and establish recurring data matches against Do Not Pay data sources. They should establish joint policies and procedures for using Do Not Pay, verify data matches through Requests for Information if other sources are unavailable, and work with authorities to correct erroneous reports of death. Lastly, they should work with Do Not Pay to establish data quality checks of critical information systems.

Both agencies agreed with all of our recommendations. Their response can be found at the end of the report.

Introduction

The Department of Human Services (DHS) and Oregon Health Authority (OHA) administer numerous public assistance programs for over 1 million Oregonians, or about a quarter of Oregon’s population. The programs vary in size, scope, and purpose, but generally seek to improve the life and wellbeing of Oregonians.

These programs are funded in partnership with the federal government through matching agreements, block grants, and other funding arrangements. In fiscal year 2018, the State of Oregon spent approximately half of the state budget on public assistance programs. Total expenditures on public assistance, were almost \$13 billion in fiscal year 2018.

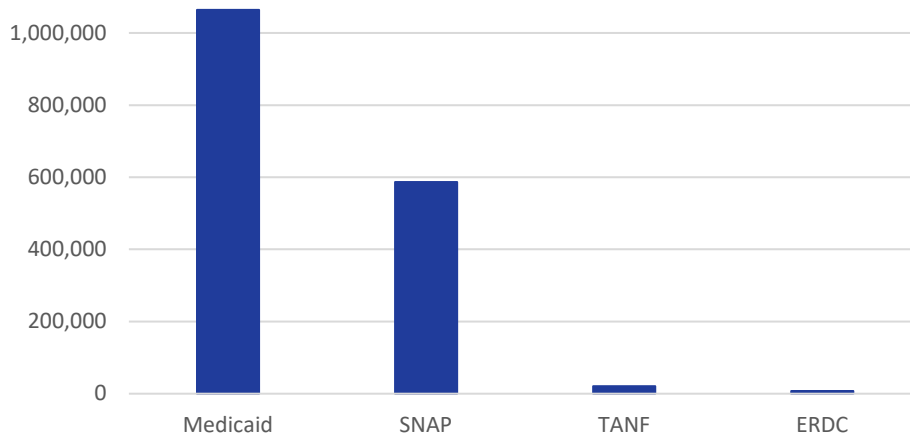


DHS and OHA work together to provide critical public assistance programs

The largest public assistance program is Medicaid, also known as the Oregon Health Plan, providing health insurance coverage to approximately 1 million adults and children. The next largest program is the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps, providing monthly benefits to purchase food for about 587,000 Oregonians. Temporary Assistance for Needy Families (TANF), commonly referred to as welfare, provides cash assistance to about 20,500 of Oregon’s neediest families facing extreme poverty.

Lastly, Employment Related Day Care (ERDC) provides access to reduced cost child care to about 7,700 families through subsidy payments to child care providers. These programs are administered by OHA’s Health Systems Division and DHS’s Aging and People with Disabilities and Self Sufficiency programs.

Figure 1: Medicaid has the largest number of caseloads among health and human services programs



Note: TANF and ERDC caseloads are counts of families. Medicaid and SNAP are counts of individuals.

DHS and OHA have multiple program integrity initiatives to reduce potential improper payments

An improper payment is defined by the federal government as “any payment that should not have been made or was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements or where documentation is missing or not available.” An improper payment does not necessarily imply a payment is fraudulent, although fraud does represent a small subset of all improper payments.

Program integrity

DHS and OHA take program integrity seriously and invest significant resources into ensuring that programs are administered correctly and have mechanisms to prevent, detect, and recover identified improper payments.

DHS and OHA take program integrity seriously and invest significant resources into ensuring that programs are administered correctly and have mechanisms to prevent, detect, and recover identified improper payments. The Office of Payment Accuracy and Recovery (OPAR) is one of those mechanisms and serves programs in both DHS and OHA. The Data Match Unit within OPAR is responsible for matching current public assistance program data with a number of other sources of information to detect and correct identified improper payments. For example, the unit matches public

assistance records against Oregon Vital Records to identify individuals who are deceased.¹ It also matches public assistance records against individuals receiving Medicaid benefits in other states to detect duplicate payments. Lastly, it matches public assistance records with correctional records to identify individuals who are incarcerated and no longer eligible for public assistance.

Other program integrity units within OPAR include, but are not limited to, Fraud Investigations, Medical Payment Recovery, Overpayment Recovery, and Estate Administration. OHA also has an Administrator of Medicaid Program Integrity who oversees program integrity activities within Medicaid and OHA operations, such as auditing medical providers. DHS and OHA have additional program integrity efforts beyond the efforts listed here. In addition to DHS and OHA efforts, the Oregon Department of Justice has a Medicaid Fraud Control Unit to investigate and prosecute Medicaid providers charged with defrauding the Medicaid program.

¹ Oregon Vital Records are maintained by OHA’s Public Health Division.

Do Not Pay was created as a result of the Improper Payments Elimination and Recovery Improvement Act of 2012

In 2012, Congress passed the Improper Payments Elimination and Recovery Improvement Act (IPERA), which provided guidance on the application of a new government service to help eliminate improper payments. In response to the act, the U.S. Department of the Treasury, the Bureau of Fiscal Services developed the Treasury Working System. The Do Not Pay Business Center administers the Do Not Pay Program. IPERA establishes the Office of Management and Budget as the owner of the Treasury Working System.

No cost analytics tool

Accessing Do Not Pay is free of charge and does not cost anything beyond paying for existing program integrity staff.

Do Not Pay is a free service for all government agencies administering federally funded programs. It provides a variety of services ranging from detecting potential improper payments already issued to helping prevent future improper payments. The federal government offers Do Not Pay free of charge because it helps reduce improper payments and saves money across multiple programs, including those administered at the state level.

Do Not Pay has access to over a dozen different data sources, five of which are typically restricted to federal agencies (see Figure 2). Do Not Pay staff also reported they are constantly seeking to expand the number of data sources available through their office. Do Not Pay staff perform batch matching against these data sources. Do Not Pay also has an online worker portal for government employees to search against these data sources on demand. Lastly, Do Not Pay provides other assistance, including custom analytics, data quality checks, preventative controls development, and risk scoring.

Figure 2: Many different data sources are available through Do Not Pay

Data sources currently available through Do Not Pay	Data Source used in this audit	Data only available through Do Not Pay
Social Security Administration Death Master File – Public	●	● ²
Department of Defense Death Data – Public	●	
Department of State Death Data – Public	●	
List of Excluded Individuals and Entities – Public	●	
List of Excluded Individuals and Entities – Restricted	●	●
American InfoSource Death Data – Commercial	●	● ³
Credit Alert System – Restricted		●
Office of Foreign Assets Control – Public		
System for Award Management Entity Registration Records – Restricted		●
System for Award Management Exclusion Records – Public		
System for Award Management Exclusion Records – Restricted		●
Treasury Offset Program (TOP) Debt Check – Restricted		●
Internal Revenue Service’s Tax Exemption lists – 990-N, Publication 78, Automatic Revocation of Exemption List		

² The Social Security Administration, through the National Technical Information Service, charges a fee to obtain a copy of the Death Master File – Public. An external security assessment is also required to be performed prior to obtaining the file.

³ American InfoSource Death Data – Commercial is available for purchase.

Data matching requires using sensitive personal information, such as Social Security numbers, to compare data in different datasets. In order to protect citizen's data, the Privacy Act of 1974 requires government agencies performing data matches to adhere to certain standards and appropriately control and govern data matching activities. Many government programs use data matching to help determine eligibility. For example, the Medicaid program uses data matching with Internal Revenue Service data to verify income.

Research during the audit found that many federal agencies are using Do Not Pay, such as:

- Veterans Affairs for program integrity and fraud protection;
- The Department of Housing and Urban Development to verify eligibility before release of funds;
- The Department of Transportation to compare vendor records against Social Security Administration's Death Master File;
- The Department of Labor for recapturing improper payments;
- The Department of Agriculture for improper payment prevention and vendor screening;
- The Department of Defense for review of improper payments; and
- The Department of Justice to improve payment accuracy and reduce the likelihood of improper payments.

The Oregon Audits Division previously issued audit reports related to Do Not Pay

The Oregon Audits Division has conducted a number of audits in recent years that involved data matching and analytics. For example, a 2013 report highlighted our efforts to detect potential improper payments in public assistance programs by performing data matches to out-of-state death records.⁴ In 2017, the division issued a report on Medicaid improper payments that included a recommendation to use Do Not Pay services.⁵ In 2018, the division released a report on detecting SNAP fraud through advanced data analytics.⁶

Our office's national reputation for performing analytics work was one of the reasons we were the first state auditor office in the nation to be granted access to the U.S. Treasury's Do Not Pay System to help identify, prevent, and recover potential improper payments in federally funded, state-administered health and human services programs.

In 2019, the Oregon Audits Division also released a report on the Integrated Eligibility System.⁷ This system will centralize eligibility determinations for most public assistance programs. As this system will be the central hub for most eligibility determinations, it is an example of a system that could benefit from data matching and advanced analytics.

Our 2019 audit report noted that, in order to populate the Integrated Eligibility System with data, existing information from multiple legacy systems is being converted. During data conversion, it is possible for errors to occur that could impact system implementation or result in potential improper payments. For example, data could be erroneously converted, resulting in a family receiving fewer benefits than they are entitled to. The conversion could also result in errors related to potential overpayments. The audit found the project team was generally

⁴ [Report 2013-10, Public Assistance: Improve Eligibility Procedures and Consider Approaches of Other States](#), see pages 11, 22, and 28.

⁵ [Report 2017-25, Oregon Health Authority Should Improve Efforts to Detect and Prevent Improper Medicaid Payments](#), see pages 11, 21-22, and 34. See also page 6 of [Report 2019-13, Recommendation Follow-up Report: Oregon Health Authority Should Improve Efforts to Detect and Prevent Improper Medicaid Payments](#).

⁶ [Report 2018-18, Human Services, Supplemental Nutrition Assistance Program \(SNAP\) Fraud Investigations](#).

⁷ [Report 2019-37, Integrated Eligibility Project Has Generally Followed Industry Standards to Help Ensure Data Is Converted Completely and Accurately](#).

following industry standards to help ensure a successful data conversion and detect and correct such errors. The audit also noted some opportunities for improvement in existing efforts. For a full accounting of that audit, see audit report 2019-37.

Audit Results

We found the benefits of using Do Not Pay far outweigh the costs. Do Not Pay helped DHS and OHA improve existing efforts to identify, prevent, and recover potential improper payments. It also provided valuable insights about the agencies' data that can improve data quality, ensure compliance with federal program requirements, and identify internal control weaknesses.

Using Do Not Pay generated a return on investment of \$286 in savings for every \$1 spent

Using Do Not Pay offers multiple benefits

DHS and OHA currently have multiple processes in place to detect, prevent, and recover identified improper payments. One process includes identifying individuals receiving public assistance benefits who are deceased by searching Oregon Vital Records. This research is performed by the Data Match Unit within OPAR. OPAR ends benefits if it can validate that a recipient has died.

According to a 2016 report from OPAR, its efforts provide a good return on investment — about \$36 in savings for every \$1 spent on data matching. In addition to matching against death records, OPAR also conducts matching to jail and prison records to identify ineligible recipients, and to Medicaid programs in other states to identify individuals receiving benefits in two states. However, OPAR does not conduct any data matches using out-of-state death records.

In a 2017 audit report, we recommended OHA incorporate data matching with Do Not Pay to eliminate this gap in their efforts to detect potential improper Medicaid payments. Do Not Pay provides their services, free of charge, to government agencies operating federally funded programs, such as Medicaid. OHA declined to implement our recommendation, concluding that Do Not Pay “would be unlikely to provide significant value to the agency.”

In 2019, the Oregon Audits Division formally engaged in a pilot project with Do Not Pay to identify the costs and benefits of using the service to identify potential improper payments in the Medicaid, SNAP, TANF, and ERDC programs. The pilot project included matching client and provider records to various records maintained by Do Not Pay including the Social Security Administration Death Master File, U.S. Department of State Death File, U.S. Department of Defense Death File, American InfoSource Obituary and Probate records, and the U.S. Department of Health and Human Services' List of Excluded Individuals and Entities.⁸

We provided Do Not Pay with about 1.4 million client records from Medicaid, SNAP, TANF, and ERDC programs.⁹ They identified about 1,500 public assistance beneficiaries as potentially deceased, however some of those individuals were already caught by OPAR's existing processes and some were false positives. OPAR staff were able to validate 98 matches as deceased.

We also provided Do Not Pay with about 60,000 Medicaid providers, about 6,000 employment-related daycare providers, and about 17,000 surviving spouses.

As with all data matching efforts, using Do Not Pay resulted in false positive matches. One example was an erroneous report of someone's death. A false positive could also result if

⁸ Although we selected these databases as part of our pilot project, they did not represent all of the databases available at the time we engaged with Do Not Pay. Furthermore, Do Not Pay reported they are constantly seeking to expand the databases available to identify potential improper payments. A list of the records used during this audit can be found in the Introduction.

⁹ These counts are not mutually exclusive. A single individual could receive Medicaid, SNAP, TANF, and ERDC and therefore could have multiple records counted in this statistic.

identifying information, such as a Social Security number, was entered incorrectly in either DHS and OHA systems or the death databases. False positives also occurred when parents and their children shared the same first and last name. DHS and OHA independently verified all data matches before any individual's benefits were ended. Researching these matches is part of the normal course of business and was not overly time-consuming — it took one person about two weeks to complete.

Do Not Pay helped identify over **\$790,000** in financial benefits to the state.

As a result of our audit, approximately \$790,000 in recoupment, cost avoidance, and improper payments were found through Do Not Pay out-of-state death matches and other analytics. Recoupments occur when OPAR can recover identified improper payments, while cost avoidance is the savings that result from preventing identified improper payments from continuing. It is important to note while

\$790,000 is a large sum of money, DHS and OHA issue billions of dollars of payments each year. As such, these improper payments represent a very small fraction of all payments — approximately \$1 in improper payments for every \$16,500 spent.¹⁰ Nonetheless, we found there was very little cost to identify, prevent, and recover these identified improper payments.

Costs of researching Do Not Pay matches are very small

It took approximately 10 days of staff time, or about \$2,750 in salary and benefits, to identify the \$790,000 noted above. In other words, the return on investment was approximately \$286 in benefits for each \$1 spent researching matches —above OPAR's existing return on investment of \$36 to \$1 for data matching work.¹¹ As data matching is already an existing function within DHS and OHA, implementing Do No Pay can be accomplished with no additional funding or staffing by reprioritizing the workloads of existing staff.

Implementing Do Not Pay can be accomplished with **no additional funding or staffing.**

On a per hour basis, Do Not Pay client data matching yielded approximately \$17,780 in benefits. This was higher than other existing data matching efforts performed around the same time, which ranged in value from \$7,650 per hour to \$14,560 per hour. Given this was the first time Do Not Pay data matching was performed at DHS and OHA, the long-term return on investment may be lower as the pilot identified deaths that dated back several years, whereas OPAR's existing processes would typically identify a death within a few months. However, we believe it will remain a good investment of resources. We also believe that as Do Not Pay refines data matches for DHS and OHA, it could result in increased efficiency in researching these matches and therefore increase the return on investment. DHS and OHA may also identify new areas to leverage Do Not Pay, further increasing returns on investment.

Not all of the potential death reports could be verified by OPAR staff; however, DHS and OHA have the authority to send letters to their clients to validate the information obtained through data matching is correct. Therefore, DHS and OHA could send a letter, also known as a Request for Information, to each client to validate if the reported death record is accurate. Thus, there is the potential to identify more improper payments through this method than the \$790,000 noted

¹⁰ The improper payments Do Not Pay identified are a small subset of all potential improper payments. The federal government estimates that health and human service programs have an overall improper payment rate of approximately 10% or \$1 in improper payments for every \$10 spent. Other program integrity processes at DHS and OHA help identify other types of improper payments.

¹¹ Ongoing efforts performed by OPAR generally reflect a body of work that reviews cases within a month or two of when a record is matched to another data set. Given this audit focused on a one-time Do Not Pay pilot, the body of work included data match records that dated back months or years. It is important to note these efforts are not exactly the same and comparisons should be made carefully reflecting these differences. As DHS and OHA implement Do Not Pay, they will be able to better evaluate their various ongoing bodies of work and the return on investment from those initiatives.

above. As only 13 client records could not be independently verified, the level of effort to perform this work is likely to be minimal, but the actual time commitment is not yet known.

OPAR's existing processes are effective at identifying most deaths in Oregon.

OPAR's existing processes are effective at identifying the deaths of most public assistance beneficiaries who die in Oregon and other types of improper payments. During the same time period as the Do Not Pay matches, OPAR reported identifying \$235,000 in cost avoidance and \$45,000 in recoupment for in-state death matches, \$3.65 million in cost avoidance based on matches to Department of

Corrections records, and \$2.67 million in cost avoidance for data matches for individuals receiving Medicaid in other states.

Using Do Not Pay also results in indirect and opportunity costs

In addition to the direct staffing costs to research potential improper payments, some marginal additional indirect costs would be associated with activities such as completing governance documents, querying data from data systems, securely sending data to Do Not Pay, periodically meeting with Do Not Pay staff, and providing management oversight of staff performing this work. We estimate it would take approximately eight hours or about \$500 in salary and benefits to complete governance documents, query and securely transmit data to Do Not Pay, and to hold periodic meetings. The exact time commitment would vary based on the preferences of DHS and OHA; however, we believe those costs could be minimal relative to the value that Do Not Pay provides.

As Do Not Pay can be implemented using existing staff resources, the true fiscal cost to DHS and OHA is zero. However, using Do Not Pay presents an opportunity cost to management. An opportunity cost is the cost of not being able to do something that would be performed otherwise. For example, if OPAR uses Do Not Pay and does not hire additional staff, some of their existing data matching workload may not get completed. However, as noted in this report, the initial Do Not Pay matches provided higher return on investment than existing workloads.

Do Not Pay can provide assurance processes are working effectively as well as help improve existing processes by identifying data quality issues, compliance issues, and gaps in internal controls

Do Not Pay can help provide assurance that processes are working effectively and enhance other existing program integrity processes by identifying data quality issues, compliance issues and gaps in internal controls through the use of data analytics. For example, Do Not Pay can customize analytics to meet individual agency needs. During the course of this audit, OPAR asked if Do Not Pay could provide a customized analysis to help prioritize estate recovery processes. Do Not Pay accommodated the request and provided information on which estates were associated with recent deaths and thus more likely to be recoverable, as well as which estates were associated with deaths over 10 years ago, and thus unlikely to be recoverable. These free data analytics can help an organization better achieve their goals, such as helping OPAR more efficiently recover monies due to the state.

Using Do Not Pay has non-financial benefits

Some of the data matches did not yield any improper payments. For example, Do Not Pay matched ERDC providers to death records. A total of 24 providers were found to be potentially deceased; however, a review found no payments were issued to these providers past the reported date of death. Validating this information took only about 15 seconds per match, or about \$10 total in salary and benefits. Although this work did not provide a financial benefit for

the state, gaining independent assurance that payments were not issued to deceased individuals is beneficial information for management, policymakers, and taxpayers alike.

Do Not Pay data matching also identified almost no issues related to Medicaid providers.¹² Two deceased providers were identified with improper payments totaling about \$100. Despite limited financial benefits, this data matching work still provided value by correcting erroneous provider records. Inaccurate information in OHA's provider claims system can impact the effectiveness of existing data matches. For example, several providers had incorrect Social Security numbers listed, which hindered the ability to match against death records and the List of Excluded Individuals and Entities list. The Do Not Pay matches also provide value through independent assurance that improper payments were not being issued to deceased or excluded providers.

Do Not Pay **helped provide assurance** that some existing Medicaid provider screening processes are working effectively.

If someone is erroneously added to a death list, it can create significant burdens for that individual and their family. By performing these data matches, DHS and OHA can identify clients who are still alive, but erroneously reported as deceased. DHS and OHA can then assist those individuals by reporting the error to the owner of the database. If it is an error with the Death Master File maintained by the Social Security Administration, DHS and OHA could also send a letter to those clients providing instructions to visit a local Social Security Administration office to correct the false death report. Although correcting erroneous death records does not have a financial benefit for the state, it is an important public service.

Although correcting erroneous death records does not have a financial benefit for the state, it is an **important public service**.

Do Not pay can identify data quality issues

Do Not Pay identified data quality issues in the datasets we provided them. For example, it identified two Medicaid records with benefit end dates of 2108. Those cases were intended to end in 2018; however, the end date was mistakenly entered into the system by employees who had the ability to override normal system controls. As a result, OHA continued to issue payments to Coordinated Care Organizations for over a year past the eligibility determination to end their benefits, until Do Not Pay identified this issue.

If Do Not Pay had not identified this issue, approximately \$11,000 in identified improper payments per year would have continued into the future. It is possible these errors could have been caught by other DHS and OHA processes if these individuals died in Oregon or re-applied for public assistance, or if the error was identified when the state replaced existing IT systems, but it is uncertain if or when those events would occur. Assuming medical cost inflation of 3.4%, and these payments continued until the year 2108, the two cases had the potential to result in a total of over \$6 million in improper payments over 89 years.¹³

In an audit report we issued in October of 2019, we reported on the Integrated Eligibility Project Team's efforts to convert data from existing information systems into a new eligibility system. As noted in that report, data conversion can potentially result in data quality issues. We spoke with Do Not Pay officials and they noted they were willing to provide DHS and OHA customized data quality analytics for the Integrated Eligibility System's data conversion at no charge. This

¹² In-home care providers were not included in the scope of our work per a request from DHS and OHA.

¹³ OHA has committed to hold Medical inflation to 3.4% per year. OHA uses this same methodology to calculate future costs and savings in the health care sector. This calculation does not incorporate increases to capitation payments that occur when individuals age; as such, the total potential amount of improper payments, if these cases continued to go undetected, is understated. Without adjusting for inflation, the total potential amount of improper payments, assuming these two cases were paid through 2108, is approximately \$1 million.

service could provide independent assurance that the contractor hired to convert data performed that work correctly.¹⁴ In addition, Do Not Pay's analytics also have the potential to reduce improper payments if they identify issues similar to those noted above. Although our 2019 audit report noted that OHA and DHS deployed industry standard planning efforts to help ensure a successful data conversion, Do Not Pay could further enhance the agencies' efforts around data conversion — all at no cost.

Do Not Pay can identify potential compliance issues

The Centers for Medicare and Medicaid Services (CMS) require states to check four electronic databases as part of their Medicaid program integrity efforts. In June 2019, we learned OHA was not performing required monthly matches against the Death Master File for all Medicaid providers.¹⁵ After we reported the issue to OHA, the agency developed a process to perform monthly matches through a data exchange with CMS. However, Do Not Pay identified providers as deceased that were cleared by OHA's new process. Upon identifying that issue, OHA reached out to CMS to understand the root cause of why the new process was not working correctly. OHA staff reported that the issue was due to the nature of the data being provided to CMS and that some technical changes were needed for the match to work as intended. OHA reported they fixed this problem in October 2019.

Do Not Pay can also assist OHA in correcting compliance issues by performing required monthly database matches. In addition to the Death Master File, Do Not Pay has access to two other required databases. Do Not Pay has a limitation as it currently does not have access to the National Plan and Provider Enumeration System, one of the four database checks required by the federal government.

In the process of using Do Not Pay for this audit, approximately 23,000 Medicaid records were identified that lacked a Social Security number (SSN). These records were identified during a data quality check by Do Not Pay. The federal government requires individuals who have a SSN to provide it in order to be found eligible for Medicaid. There are a number of valid exemptions why individuals receiving Medicaid may not have or be eligible for an SSN, and those individuals who meet specific criteria are exempt from this requirement.¹⁶ For example, we found about 18,000 records without SSNs were newborns. The state's Medicaid eligibility system (ONE) does not enforce the SSN requirement until a child turns 1 year old. After accounting for this and other valid reasons, only 1,980 individuals without SSNs remained questionable.

We randomly sampled 66 individuals for further research. About 40% of these cases were deemed appropriate because they involved children in foster care. Children in foster care are generally categorically eligible for Medicaid and are not required to have SSNs to determine eligibility. Overall, we found 12 individuals potentially associated with improper payments. The reasons varied from individuals receiving duplicate benefits to a lack of documentation on file.

We could not identify a systemic root cause for these potential improper payments. In a number of instances, it appeared that a caseworker may have made a simple mistake. For example, we found case files where a SSN was in an electronic file, but the caseworker failed to enter it into

¹⁴ DHS and OHA are paying Deloitte LLC at least \$3.5 million for data conversion.

¹⁵ 42 CFR § 455.436: <https://www.govinfo.gov/app/details/CFR-2011-title42-vol4/CFR-2011-title42-vol4-sec455-436>. See also <https://www.medicare.gov/medicaid/managed-care/guidance/final-rule/index.html>.

¹⁶ 42 CFR § 435.910(a): <https://www.govinfo.gov/app/details/CFR-2010-title42-vol4/CFR-2010-title42-vol4-sec435-910>. Although Social Security numbers are a requirement, 42 CFR § 435.910(f) notes that State Medicaid Agencies cannot deny or delay services to otherwise eligible individuals pending issuance or verification of a Social Security number. See also Congressional Research Service policy paper on noncitizen eligibility for public assistance benefits: <https://fas.org/sgp/crs/misc/RL33809.pdf>.

the system. We also found an instance where a case worker selected the wrong item from a drop down list in the system.

Based on our sample, we believe about 350 individuals without SSNs could potentially be associated with improper payments.¹⁷ It is important to note that these questioned cases represent less than half of one tenth of one percent of all Medicaid cases. In other words, the overall risk of potential improper payments associated with this population is small.

We found that researching our sample was very time-consuming. Since these cases are significantly more complex and time-consuming, the return on investment would be significantly lower than researching death matches noted earlier in this report. As noted in audit report 2019-37 – DHS and OHA are actively implementing a critical eligibility system that requires the effort of hundreds of employees and contractors. The first phase of implementation begins in April 2020. Given this important initiative, the agencies have limited resources available at this time to research these complex cases. As such, it is reasonable if management chooses to invest limited staffing resources toward higher value work even if Do Not Pay can help identify a small amount of potential compliance issues.

Do Not Pay can identify internal control weaknesses

Do Not Pay provides management with useful information about potential internal controls gaps, as well as assurance that existing controls are working as intended. In past audits, our office found that DHS and OHA had a gap in identifying individuals who pass away in other states.

During this audit, Do Not Pay identified several Oregonians who passed away in other states. For example, one client lived in Milton-Freewater, Oregon; however, they passed away after receiving services at a hospital in the Tri-Cities area of Washington State.

Another individual was identified by Do Not Pay because when DHS and OHA perform data matching to Oregon Vital Records, they perform an exact name match. However, we identified an instance when an individual had an apostrophe in their name in a public assistance record, but no apostrophe within Oregon Vital Records. As a result, the match DHS and OHA performed did not detect the deceased individual despite the agency having a valid death certificate on file. Do Not Pay used a process known as a fuzzy name match and was able to detect this individual's death.¹⁸

Lastly, some of the Do Not Pay matches involved individuals who were automatically renewed for Medicaid through a process known as automated or passive renewals. Passive renewals are required by the federal government in an effort to reduce the administrative burden for managing Medicaid and to reduce the level of effort for clients to re-certify their eligibility each year. Under a passive renewal, DHS and OHA take an existing client record and match that information against IRS records to see if an individual's income has changed. If no change is found, the individual is deemed eligible for Medicaid and coverage is renewed for another year.

The federal government specifies what information should be checked during passive renewals and it does not include death databases. Upon learning about this weakness, OPAR took action to implement new policies and procedures to help reduce the risk of potential improper payments

¹⁷ With 90% confidence we estimate that between 162 and 558 cases could be associated with an improper payment based on our random selection of 66 cases.

¹⁸ An exact name match requires names in two datasets to be exactly the same. For example, John and John. A match would not occur for Jon and John under an exact name match. However, a fuzzy name match would return a match result for John, Jon, Jonathan, and J'ohn, as well as other spelling combinations. In addition to the fuzzy name match, Do Not Pay also used an exact match on a unique identifier, typically a Social Security number. By using two elements, it reduces the amount of false positives that data matching generates.

going to deceased individuals who had been automatically renewed. Implementing Do Not Pay matches would further enhance those changes to prevent potential improper payments associated with deceased individuals receiving public assistance benefits.

Deceased individuals being automatically renewed for Medicaid is likely a nationwide risk because the federal government does not include a check of death records as part of the existing passive renewal process. We believe other states, in addition to Oregon, could implement Do Not Pay and identify potential improper payments related to deceased individuals who were improperly renewed for Medicaid benefits.

Deceased individuals being automatically renewed for Medicaid is **likely a nationwide risk**, which Do Not Pay could help mitigate.

Recommendations

In order to help reduce potential improper payments, we recommend DHS and OHA:

1. Work with U.S. Treasury to gain access to Do Not Pay's worker portal to perform on-demand searches.
2. Work with U.S. Treasury to develop annual death matching that covers all clients and all providers in the SNAP, TANF, ERDC, and Medicaid programs. Based on research of those matches, terminate ineligible clients and providers, and correct erroneous data in information systems.
3. Develop internal policies and procedures for using Do Not Pay and taking the appropriate actions to close cases.
4. Send letters to all clients and providers who are identified as potentially deceased, but whose records could not be independently verified by DHS or OHA staff.
5. Work with appropriate authorities to correct erroneous death reports found as a result of Do Not Pay data matching.
6. Work with U.S. Treasury to develop annual data analytics to identify potential data quality issues in information systems serving SNAP, TANF, ERDC, and Medicaid clients and providers.

Also, in order to help improve program compliance, we recommend DHS and OHA:

7. Work with U.S. Treasury's Do Not Pay services to develop monthly matches against required datasets for all providers. Based on research of those matches, terminate ineligible providers, and correct erroneous data in information systems.
8. After the Integrated Eligibility system is implemented, research cases that lack Social Security numbers and valid exemptions. Based on research of those cases, address any eligibility, compliance, and/or system issues.

Objective, Scope, and Methodology

This audit report relates to the second objective of our Integrated Eligibility audit plan. The first audit objective related to data conversion for the Integrated Eligibility System; see report 2019-37. Combining the Do Not Pay objective with the Integrated Eligibility data conversion objective was a strategic decision to leverage a major IT system implementation with a new service from the federal government. Furthermore, DHS and OHA decisions to not implement prior recommendations contributed to the selection of piloting Do Not Pay with health and human services programs rather than other opportunities in state government.

Objective

Our objective was to:

Determine the cost and benefits of using the U.S. Treasury Department's Do Not Pay Business Center to help identify improper payments.

Scope

This audit focused on determining the cost and benefits of using the U.S. Treasury Department's Do Not Pay Business Center. The datasets used for this audit included Medicaid recipients and providers, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Employment Related Day Care (ERDC). Auditors sent the datasets to the U.S. Treasury's Do Not Pay services for review.

The following internal control principles were relevant to our audit objective:¹⁹

- Control Environment
 - We considered the agency's exercise of oversight responsibilities in regards to detecting improper payments;
 - We considered the agency's activities to establish structure, responsibility, and authority for reducing improper payments; and,
 - We considered the agency's mechanisms for enforcing accountability with program participants.
- Risk Assessment
 - We considered the agency's efforts to identify, analyze, and respond to risks related to improper payments; and,
 - We considered the agency's activities to assess fraud risks.
- Control Activities
 - We considered the agency's implementation of control activities for identifying and reducing improper payments.
- Information and Communication
 - We considered the agency's use of quality information to identify improper payments.

Deficiencies with these internal controls were documented in the audit results section of this report.

¹⁹ Auditors relied upon standards for internal controls obtained from the U.S. Government Accountability Office, report GAO-14-704G.

Methodology

Auditors sent datasets obtained from the Department of Human Services and Oregon Health Authority to the U.S. Treasury's Do Not Pay Business Center for review and analysis of potential improper payments in the Medicaid, SNAP, TANF, and ERDC programs. Those results were then researched, verified, and adjudicated by DHS and OHA staff.

We reviewed:

- State and federal regulations;
- State and federal rules and laws;
- Medicaid, SNAP, TANF, and ERDC data and information systems; and
- Do Not Pay results.

We observed:

- Agency adjudication efforts;
- Agency case review; and
- Do Not Pay and agency interactions.

We interviewed and met with:

- Office of Payment Accuracy and Recovery (OPAR);
- Data Maintenance Unit (DMU);
- Aging and People with Disabilities (APD); and
- Executive Staff.

Auditors utilized a randomized sample to conduct detailed testing of individuals without a SSN. The total questioned population was 1,980 individuals. Using a 90% confidence interval and 10% margin of error, we determined our sample size needed to be 66 individuals. Auditors used Microsoft Excel's random number generator to select the sample. We identified 12 cases as potentially questionable (18%). Based on our sample, we can project to the population an estimated range of cases that are likely to have improper payments. Between 8% and 28% are estimated to be associated with improper payments. This represents between 162 and 558 individuals. There is a 10% chance that our sample does not reflect the true population due to the 90% confidence level we selected.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of DHS, OHA, and Do Not Pay during the course of this audit.



Office of the Director



Kate Brown, Governor

500 Summer Street NE
Salem, OR 97301

February 13, 2020

Kip Memmott, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 500
Salem, OR 97310

Dear Mr. Memmott:

This letter provides a written response to the Audits Division's final draft audit report titled Using the U.S. Treasury's Do Not Pay System for Health and Human Services Programs Will Save Taxpayers Money.

The Oregon Health Authority (OHA) and the Oregon Department of Human Services (DHS) appreciate the opportunity to respond to the Audits Division's audit report, "Using the U.S. Treasury's Do Not Pay System for Health and Human Services Programs Will Save Taxpayers Money."

Overall, we agree with the recommendations in the report and have already begun implementation of the Do Not Pay platform into the current suite of oversight activities managed by the Office of Payment Accuracy and Recovery (OPAR). Last biennium the Data Match Unit that performs this work within OPAR had a cost avoidance of \$140.7 million. The addition of the DNP data will complement the oversight work.

In addition, the OHA Office of Program Integrity, charged with performing data analytics on Medicaid claims and the auditing of Medicaid providers and associated policy work, is supporting the DNP effort. Findings of potential or actual Medicaid provider overpayments will be investigated by the Program Integrity Audit Unit (PIAU) and resolved to their appropriate conclusion. OHA and DHS provider enrollment operations will also play critical roles in the termination and reporting of deceased providers.

We appreciate the Audit Division pointing out the entirety of the public assistance expenditures that OHA and DHS oversee, totaling over \$13 billion in fiscal year 2018. Collectively, we are always interested in exploring any tool that can help ferret out improper payments or fraud, waste, and abuse.

The audit report notes an overall nationwide estimate of 10% of the federal government's health and human services programs were actually improper payments. This audit points out

\$790,000 as a recovery and cost avoidance figure, which represents a fraction of the 10% amount the report would expect, with the \$790,000 representing 0.006% or less than 1/10th of 1% of all payments, (both provider and client payments), that DHS and OHA make. Clearly this shows that current DHS and OHA improper payment oversight is strong.

In addition, as noted in the report, the return on investment of \$286 to \$1 will likely not continue as OPAR implements this work on a systematic basis as recommended. Do Not Pay will augment the current suite of tools utilized by OPAR to monitor for improper payments and we feel that the current \$36 to \$1 amount that OPAR has been able to document as a return on investment on a year over year basis will be borne out over time.

Also noted in the report is that despite looking at over 60,000 Oregon Medicaid providers, only two providers matched as being deceased with approximately \$100 in improper payments found. The fact that DNP found so few erroneous provider payments points to the current robust provider enrollment and management program ongoing in OHA and DHS.

Finally, as stated in the audit, the Audits Division staff has been exploring the Do Not Pay platform for some time with significant staff resources expended in researching and implementing Do Not Pay. We are pleased that the staff time in looking at this program will allow OHA and DHS to continue to improve its already robust process.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 1		
Work with U.S. Treasury to gain access to Do Not Pay's worker portal to perform on-demand searches.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Target date of April 2020.	Nicky Jeffreys 503-378-3410—lead Fritz Jenkins 503-947-1109

Narrative for Recommendation 1

The implementation date for DHS/OHA to gain access to the DNP portal is contingent upon the execution of a data use agreement (DUA) and other data security measures needed per data source. The data sources cross both the DHS and OHA, and data sources contain protected health information, personally identifiable information, and other protected information. The protection and security strategies for sharing each data source will need to be clarified, and separate DUA's for DHS and OHA may need to be executed.

Communications with U.S. Treasury are ongoing, and the initial questionnaire has been submitted to U.S. Treasury.

RECOMMENDATION 2		
Work with U.S. Treasury to develop annual death matching that covers all clients and all providers in the SNAP, TANF, ERDC, and Medicaid programs. Based on research of those matches, terminate ineligible clients and providers, and correct erroneous data in information systems.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Target date of May 2020	Nicky Jeffreys 503-378-3410 Fritz Jenkins 503-947-1109 Todd Howard—503-945-7832 DHS Provider Enrollment Staff

Narrative for Recommendation 2

DHS and OHA request this recommendation incorporate the rationale and goal of Recommendation 7, rather than having two separate timeframes for matching purposes. Monthly matches would be the most efficient and provide DHS and OHA the opportunity to correct records in a timely manner.

RECOMMENDATION 3		
Develop internal policies and procedures for using Do Not Pay and taking the appropriate actions to close cases.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Target date of May 2020	Nicky Jeffreys 503-378-3410 Fritz Jenkins 503-947-1109

Narrative for Recommendation 3

Policies and procedures already exist for the current Date of Death work being conducted by OHA and DHS. Once the DUA and other data security measures are executed, and portal access is approved, DHS and OHA will know the specific aspects of the portal and data matching needing to be addressed in policy and procedures and will finalize prior to full utilization of DNP.

RECOMMENDATION 4		
Send letters to all clients and providers who are identified as potentially deceased, but whose records could not be independently verified by DHS or OHA staff.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree with proposed changes	July 2020	DHS and OHA communications staff

Narrative for Recommendation 4

DHS and OHA staff will check all internal databases and perform internal research to verify the data that has been received by DNP. If DNP identifies someone as deceased, we are concerned that it would not be an effective approach to submit letters to clients and providers who, through the use of DNP, have been identified as deceased. We would clearly take the DNP data seriously and would do all necessary validation, but sending letters to potential surviving family members does not seem the most effective approach.

RECOMMENDATION 5		
Work with appropriate authorities to correct erroneous death reports found as a result of Do Not Pay data matching.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Ongoing	Nicky Jeffreys 503-378-3410 Fritz Jenkins 503-947-1109

Narrative for Recommendation 5

In the development of Recommendation 3, policies and procedures will be developed to address Recommendation 5. DHS and OHA will include in those policies and procedures methods and strategies for communicating with the data source of any potentially erroneous record.

RECOMMENDATION 6		
Work with U.S. Treasury to develop annual data analytics to identify potential data quality issues in information systems serving SNAP, TANF, ERDC, and Medicaid clients and providers.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for

		implementation
Agree	Ongoing	Nicky Jeffreys 503-378-3410 Fritz Jenkins 503-947-1109

Narrative for Recommendation 6

DHS and OHA will use the matching process to identify the source, structure and prevalence of the data issue. DHS and OHA will use the findings to identify corrective actions within data sets DHS and OHA have control over.

RECOMMENDATION 7		
Work with U.S. Treasury’s Do Not Pay services to develop monthly matches against required datasets for all providers. Based on research of those matches, terminate ineligible providers, and correct erroneous data in information systems.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	See Recommendation 2 above	Todd Howard 503-945-7832 DHS Provider Enrollment Staff

Narrative for Recommendation 7

DHS and OHA recommend incorporating this recommendation with Recommendation 2 above, thereby streamlining the operational aspects of the two recommendations.

RECOMMENDATION 8		
After the Integrated Eligibility system is implemented, research cases that lack Social Security numbers and valid exemptions. Based on research of those cases, address any eligibility, compliance, and/or system issues.		
Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Post implementation of Integrated Eligibility System	DHS Integrated Eligibility Staff

Narrative for Recommendation 8

This recommendation will be addressed post implementation of the Integrated Eligibility System. It will be addressed per applicable federal regulation for each program utilizing the Integrated Eligibility system.

Please contact David Baden at 503-947-4384 with any questions.

Sincerely,



Patrick M. Allen
Director
Oregon Health Authority



Fariborz Pakseresht
Director
Department of Human Services

EC: Kris Kautz, OHA
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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

This report is intended to promote the best possible management of public resources.
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