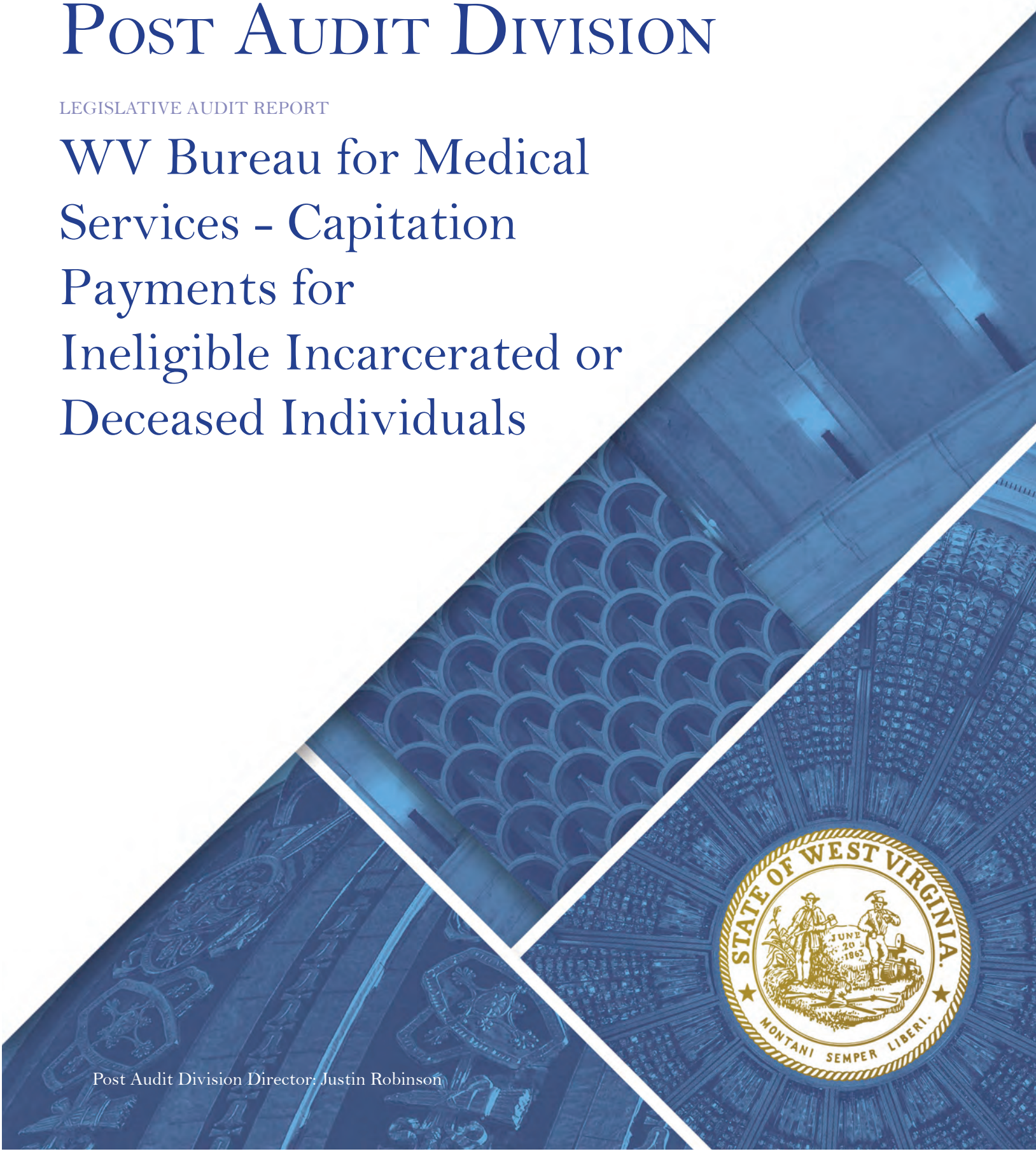
JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

Post Audit Division

LEGISLATIVE AUDIT REPORT

WV Bureau for Medical Services - Capitation Payments for Ineligible Incarcerated or Deceased Individuals



Post Audit Division Director: Justin Robinson

GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards **(GAGAS)**. 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.

POST AUDIT DIVISION
Justin Robinson, Director

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

POST AUDITS SUBCOMMITTEE
MEMBERS

SENATE MEMBERS
President, Randy Smith
Scott Fuller
Robbie Morris
Patricia Rucker
Michael Woelfel

HOUSE MEMBERS
Roger Hanshaw, *Speaker*
Marty Gearheart
Tristan Leavitt
Chris Phillips
Kayla Young

WV Bureau for Medical Services - Capitation Payments for Ineligible Incarcerated or Deceased Individuals

October 7, 2025

POST AUDIT DIVISION
STAFF CONTRIBUTORS

Justin Robinson.....Legislative Auditor/Director
Mike Jones, CIA, CFE, CRMA....Audit Manager
Brianna Walker, CFE.....Senior Auditor
Nick Brown.....Auditor
Ashley Edmonds.....Auditor
Nick Hamilton, CFE.....Referencer

Post Audit Report Brief

WV Bureau for Medical Services - Capitation Payments for Ineligible Incarcerated or Deceased Individuals

Period Reviewed: FY 2019–2022

Purpose & Objectives:

The Legislative Auditor examined whether the Bureau for Medical Services (BMS) improperly paid Managed Care Organizations (MCOs) for Medicaid participants who were incarcerated or deceased, and whether BMS had adequate internal controls to prevent such payments.

Key Findings:

Data Challenges:

- Audit required four separate data sets from BMS due to errors and inconsistencies.
- BMS conducted ongoing 'data clean-up' throughout the audit period, improving reliability over time.

Potential Overpayments Identified:

- Incarcerated Individuals: 117,447 cases, approximately $31.7 million in capitation payments (largest share).
- Deceased Individuals: 15,346 cases, approximately $770,000 in capitation payments.
- Total potential uncorrected overpayments: $32.4 million.

Corrective Actions Underway by BMS:

- Quarterly reports on payments after date of death, sent for reversal.
- Large data clean-up projects for incarceration and death records.
- Ongoing collaboration with Department of Corrections and Vital Statistics for updated data feeds.
- Recovery of approximately $2.37 million already completed for FY 2019–2022.

Conclusion:

Overpayments did occur for ineligible participants. BMS is actively addressing these issues, improving systems, and recovering payments. Current totals reported ($32.4 million) are a snapshot in time; the actual outstanding amount is likely reduced due to continuing corrections. Further audit testing at this stage would duplicate BMS's efforts and divert resources.

Recommendations:

1. Continue correcting historical overpayments for both incarcerated and deceased individuals.

2. Report in writing to the Legislative Auditor and Post Audits Subcommittee upon completion.

Executive Summary

Audit Objectives:

1. Determine if the Department of Human Services' Bureau for Medical Services (BMS) paid participant fees for deceased individuals in the Mountain Health Trust Program for FY's 2019-2022 and if BMS has sufficient internal controls in place for identifying deceased Medicaid participants in a timely manner.
2. Determine if the Department of Human Services' Bureau for Medical Services paid Medicaid participant fees for incarcerated individuals in the Mountain Health Trust Program from FY 2019-2022 and to determine if BMS has sufficient internal controls in place to refrain from making Medicaid payments except when the inmate is a patient in a medical institution.

Issue 1: The Department of Human Services' Bureau for Medical Services Potentially Paid Participant Fees for Ineligible Participants in the Mountain Health Trust Program.

During the audit, several data issues caused significant delay in completing the audit analysis to answer the audit objective. BMS had to pull data reports multiple times while also conducting data cleanup efforts. BMS submitted a fourth data set that was deemed most reliable for analysis. The audit identified potential uncorrected overpayments for monthly managed care capitation payments associated with both incarcerated and deceased individuals. The analysis based on this data set identified remaining potential overpayments for 117,447 incarcerated individuals totaling approximately $31.7 million from FY 2019-2022 and remaining potential overpayments for 15,346 deceased individuals totaling approximately $770,000 from FY 2019-2022.

Throughout the audit, the auditors and BMS have been in communication regarding noted data issues and the agency's ongoing efforts to identify and correct these issues. It is the auditors' judgements that through these continued ongoing efforts, the amounts presented in this report are likely reduced as of the time of this reporting and credit should be given to BMS in its efforts to do so. However, it is the judgement of both the auditors and BMS that continued audit efforts at this time would be prohibitive of the agency's current efforts to address and correct these issues.

Recommendations:

1. The Legislative Auditor recommends the Bureau for Medical Services to continue correcting historical overpayments made to the MCOs for ineligible incarcerated individuals and for deceased individuals.
2. The Legislative Auditor recommends the Bureau for Medical Services to report to the Post Audits Subcommittee and the Legislative Auditor by writing, upon completion of its corrective efforts, the results of the corrections made to MCO capitation payments for individuals that were ineligible due to death or incarcerated for the period of FY2019 through FY2022, as well as current amounts corrected to date resulting from these recent efforts and the processes and procedures it has implemented to more efficiently correct or prevent these overpayments moving forward.

Background

In September 1996, BMS, initiated a risk-based managed care program called Mountain Health Trust (MHT). Currently, MHT provides managed care services to approximately 87% of the state's Medicaid individuals including most adults and children, pregnant women, and individuals receiving Supplemental Security Income (SSI). BMS contracts with three Managed Care Organizations (MCOs), Aetna, The Health Plan (THP), and Unicare, for the provision of Medicaid services that meet medical necessity. BMS contracts with Gainwell Technologies (Gainwell) as the fiscal agent for West Virginia Medicaid. Gainwell processes claims, member enrollment, disenrollment, and maintains provider enrollment for West Virginia Medicaid. BMS works with the three MCOs, Aetna, THP, and Unicare, to maintain an up-to-date enrollment/disenrollment list, which Gainwell then uses to process claims for services rendered.

Each of the MCOs are paid a monthly capitation payment based on a per-member-per-month (PMPM) basis. Capitation payments are a fixed periodic payment for every participant enrolled in the respective MCO. The monthly payment is a fixed, individual amount per month regardless of the participants utilization of any covered services available to the participant. In return for the capitation payment, each MCO is responsible for paying providers for all approved covered services provided to Medicaid beneficiaries participating in the MCO.

BMS conducts the MCO enrollment process in accordance with federal regulations. Specifically, 42 CFR §438.54 which states that the State, BMS, must have an enrollment system for its managed care programs. Based on this, BMS, either directly or through its designee, processes all enrollments into the MCO. If an enrollee does not select an MCO, BMS uses an assignment algorithm to assign individuals, rotating among the three MCOs, or based on the enrollee's prior history with a specific MCO or pre-established familial relationship.

Capitation payments are calculated using enrollment data from the MCOs. Capitation payments are made for a full month and are not prorated. If there is any inconsistency between enrollment and payment data, the MCO must notify BMS in writing no later than 45 calendar days after it was determined. The MCO is not relieved of the liability for provision of care for the period for which capitation payments have been made when there has been a change in an enrollee's eligibility. If an enrollee's eligibility changes, adjustments to capitation payments are made in the form of an addition or subtraction from the current month's capitation payment.

When an enrollee's eligibility changes, due to reasons such as a permanent residence change to a location outside of the state, continuous placement in nursing facility or State institution, or an error in enrollment, they will go through a disenrollment process. During disenrollment, BMS will notify the MCO of all disenrollments, by means of a monthly enrollment roster report which explicitly identified terminations from enrollment and the cause of the disenrollment (e.g. loss of Medicaid eligibility, change in eligibility status to a coverage code not included in the managed care initiative, voluntarily switching to another MCO, or other causes). All enrollee disenrollments become effective no later than the first day of the second month after the transfer/disenrollment was requested. The MCO also receives notifications from BMS when an individual has been identified as deceased or incarcerated.

Audit Purpose and Objectives

The Legislative Auditor conducted this audit due in part to two audits conducted by the Louisiana Legislative Auditor that involved the MCO Aetna. The results of these audits indicated the Louisiana Department of Health and Hospitals paid participant fees to the MCO for incarcerated and deceased individuals, including individuals who were deceased before the introduction of the programs.

Due to the results of the Louisiana audit, the Legislative Auditor sought to determine if the same overpayments identified in Louisiana were present in West Virginia's MCOs. An overpayment in this instance, would be if the MCO received a capitation payment that remained unadjusted for an individual ineligible for the monthly participant capitation payment to the MCO due to incarceration of the individual or the individual was deceased, prior to the first day of the month after their date of incarceration or death.

The objectives for this audit are as follows:

1. Determine if the Department of Human Services' Bureau for Medical Services (BMS) paid participant fees for deceased individuals in the Mountain Health Trust Program for FY's 2019-2022 and if BMS has sufficient internal controls in place for identifying deceased Medicaid participants in a timely manner.
2. Determine if the Department of Human Services' Bureau for Medical Services (BMS) paid Medicaid participant fees for incarcerated individuals in the Mountain Health Trust Program from FY 2019-2022 and to determine if BMS has sufficient internal controls in place to refrain from making Medicaid payments except when the inmate is a patient in a medical institution.

Beginning in December 2022 and through November 2024, the auditors analyzed a total of four different data sets of MCO payments that were provided by BMS, had multiple meetings to discuss issues with the data, and waited for new data to be provided by BMS. The initial data set provided was found to be missing some key information. This was communicated to BMS who subsequently provided a second set of MCO payment data. The auditors compared the two data sets and noted discrepancies between the two sets, which should have aligned with one another except for the additional pieces of information. Since the first two data sets did not appear to be reliable information for analysis, the auditors and BMS met to discuss the issues and subsequently, BMS provided a third set of MCO capitation payments. The auditors again analyzed and compared the data sets to ascertain the reliability of the information being provided by BMS. There were various issues between the multiple data sets that raised doubts regarding the reliability of the data provided, which led to another meeting to discuss the data being provided. In this meeting it was stated that the third set of data was, "the gold standard and 100% reliable." According to representatives in the meeting the first two data sets were inaccurate as they both relied on a flawed query that included results from outside the audit period of Fiscal Year 2019 through Fiscal Year 2022.

The auditors completed an analysis of the third data set for all three MCO's and provided the preliminary findings to BMS. After reviewing the preliminary findings BMS and the auditors had a meeting in October 2024. BMS informed the auditors of behind-the-scenes data cleanup and initiatives that had been taking place prior to and during the audit. These initiatives included BMS running a report every quarter to show all claims paid after the members date of death, these claims are then sent to Gainwell to be reversed. It also included a large data clean-up project relating to

incarcerated individuals and their incarceration dates. BMS also began getting updated parole lists from the Department of Corrections monthly and work release information weekly to ensure claims are paid more accurately. In November 2024, BMS provided the audit team with a fourth set of data which was analyzed and is being reported on in this report.

The auditors acknowledge it is likely the total amount of outstanding overpayments identified during the audit which the remaining report will discuss has been reduced at the time of this reporting due to continuing efforts of BMS to identify and correct overpayments attributed to these two ineligible categories. It is anticipated the dollar amount noted would continue to decrease with each batch of new data that would be provided by BMS. Having answered the audit objective and with corrective actions well underway by BMS, the auditors ceased further audit work. Given the lengthy process to obtain the data, the voluminous amount of data the auditor would need to process, and the already ongoing work of BMS to correct the overpayments, additional work to further quantify the amount of overpayment would be duplicative of these corrective processes. With this noted, the remainder of the report notes issues from the analysis of the data provided.

Issue 1: The Department of Human Services' Bureau for Medical Services Potentially Paid Participant Fees for Ineligible Participants in the Mountain Health Trust Program.

To determine whether overpayments for ineligible individuals had occurred from fiscal year 2019 through fiscal year 2022, the auditors conducted a comparative analysis of capitation payment data from Aetna, THP, and Unicare with incarceration data from the Division of Corrections and date of death information from Vital Statistics. Based on this analysis, the auditors determined it is possible the three MCO's were paid capitation payments for ineligible individuals during the audit period. While BMS has implemented processes to identify and correct the overpayments that occur for ineligible individuals while the audit was ongoing, at the conclusion of the analysis there remained approximately $32.4 million in uncorrected overpayments that occurred during the audit period. The majority of the uncorrected overpayments, $31.7 million, were attributed to incarcerated individuals not eligible to participate in the program, and the other $700,000 was attributed to deceased individuals.

Ineligible Incarcerated Individuals

The federal Medicaid Inmate Exclusion Policy prohibits the use of federal funds to provide Medicaid benefits to incarcerated individuals, except in cases of inpatient care lasting 24 hours or more. Currently, states have the option to suspend or terminate coverage for adults during incarceration, BMS suspends coverage for any incarcerated individuals in all prisons and jails using a manual process. Based on this knowledge the auditors performed a comparative analysis between all capitation payment data from the three MCOs and the data of incarcerated individuals provided by the Division of Corrections. This comparison resulted in a list of individuals that were identified as having incarceration dates that would make them ineligible to participate in the plan that overlapped with capitation payments for the same periods of time.

The auditor reviewed each individual monthly capitation payment made to the MCOs, for each individual identified to determine the dollar value for the payment made, the period of coverage for the payment, and identify any overlap with the specific dates of incarceration that would cause the participant to be ineligible for the program. This sum represented the maximum amount of overpayment during the audit period for ineligible incarcerated participants. Since there is not a mechanism available to check participants for incarceration dates in real time due to the information systems not being linked, the auditor analyzed all adjustments made in future monthly capitation payments for the individuals with overpayments, in an effort to identify if the overpayments were detected and the prior period charges were corrected. After reconciling the overpayments made with any adjustments made to the prior period charges, the resulting dollar value is the remaining outstanding overpayments. After arriving at the sum results, the auditor sent this preliminary information to BMS.

Upon receiving the results, BMS informed the auditors that during the audit, the Bureau has done three large data cleanup projects around members incarceration dates, correcting records, and reversing claims as needed by making additions or subtractions to the current month's capitation payment. According to BMS, it had two projects to deal with recoveries associated with incarcerated or deceased individuals. One, conducted by the Office of Program Integrity in June of 2022, recovered capitation payments totaling $1,788,996.32 that were made for members beyond their date of death. This recovery included capitation payments for 425 distinct member IDs for coverage periods from January 2019 through February 2022. BMS conducted

another review and cleanup for incarcerated and deceased individuals for the Fiscal Year 2019 through Fiscal Year 2022 period resulting in additional adjustments totaling $583,943.92 for an additional 213 unique individuals. Additionally, these efforts to correct the capitation payments due to death and incarceration are also being applied to fiscal years prior to and after these dates.

Based on the response provided by BMS, the auditors requested updated data which was provided by BMS. The new data provided was subsequently retested using the same methodology as the first batch of data. The analysis of the new data did yield a different number of individuals that had uncorrected overpayments than the original analysis. Yet the updated analysis notes a remaining total of 117,447 individuals with uncorrected overpayments that were included in the monthly capitation payments for FY 2019-2022 also confirmed to have been incarcerated during a corresponding period covered by a capitation payment.

Out of the total number of individuals identified in the DOC data, there were 32,063 individuals from Aetna, 29,134 individuals from THP, and 33,017 individuals from Unicare. The total of outstanding overpayments after the second set of data was analyzed totaled approximately $31.7 million. Table 1 below breaks down the total of outstanding overpayments, net of corrective adjustments, to each MCO during the audit period. It should be noted that these number of individuals identified within each MCO may not represent unique individuals, as it is possible individuals were a part of different MCOs during different fiscal years.

Table 1: Potential Overpayments for Incarcerated Individuals by Provider for FY 2019-2022

Provider	Potential Ineligible Individuals	Potential Total Overpayment
Aetna	32,063	$10,873,464.14
THP	29,134	$9,808,051.61
Unicare	33,017	$10,987,042.40
Total	**117,447**	**$31,668,558.15**

Source: Legislative Auditor's Analysis using BMS and DOC data.

Throughout the audit process the auditors have been in communication with BMS, providing preliminary findings and requesting feedback. On April 29, 2025, members from the Legislative Auditor's office and members from BMS met to discuss the final preliminary findings that the auditors had provided their office. Commissioner Beane expressed to auditors that since the inception of this audit in September 2022, the BMS office has been working behind the scenes to clean up their data warehouse. Commissioner Beane expressed to the auditors that she believed throughout the audit process there may have been issues with the data provided as this transition and work was happening behind the scenes. It became clear to both the Commissioner and Legislative Audit staff that if the work were to continue it would be starting the audit over due to the data being updated and cleaned in a way it wasn't during and before the audit.

While Table 1 identifies amounts associated with these uncorrected overpayments identified in our review, these amounts are a snapshot in time when this review was conducted and must account for several other factors. The ongoing efforts of BMS to correct errors in data and identify and correct these overpayments have been ongoing and it would be reasonable to assume that through these efforts these amounts have been reduced subsequent to when the analysis was performed. In accounting for the errors in data we noted in the original data submissions, ultimately leading to our analysis of a fourth set of data and suspension of further data requests and analysis,

these amounts represented in Table 1 are based only on the data set last provided by BMS and used in this analysis.

Deceased Participants

Beginning in December 2022, the auditors received date of death data from Vital Statistics and MCO Rosters from BMS. After analyzing the data from BMS, the auditors found that the data had some duplicate IDs. In March 2023, a second set of data was requested by the auditors and provided by BMS in April 2023, the auditors had some concerns relating to the reliability of the data provided, due to the two rosters having duplicate member IDs and there being a vast difference in the member counts between rosters after removing duplicate member IDs. BMS informed the auditors that the information in both data sets was incorrect due to a typo in the query used to pull the data. Between May 2023 and September 2023, the auditors awaited a response to a request pertaining to the validity of the data provided in April 2023. In September 2023, the auditors along with staff from BMS and Gainwell, the fiscal agent for the West Virginia Bureau for Medical Services, had a meeting to discuss the issues of the data provided thus far. BMS explained that the first two datasets were inaccurate because the reports included members outside the audit scope. Since both reports were generated using the same query, they contained the same errors. Gainwell informed the auditors that the data provided in April 2023 was the "gold standard and 100% reliable."

After completing the analysis, the auditors provided BMS with preliminary findings in September 2024. After reviewing the preliminary findings BMS and the auditors had a meeting in October 2024. BMS informed the auditors of behind-the-scenes data cleanup and initiatives that had been taking place. These initiatives included BMS running a report every quarter to show all claims paid after the members date of death, these claims are then sent to Gainwell to be reversed. It also included a large data cleanup project relating to incarcerated individuals and their incarceration dates. BMS also began getting updated parole lists from the Department of Corrections monthly and work release information weekly to ensure claims are paid more accurately. In November 2024 BMS provided the audit team with updated data related to data cleanup projects implemented over the past few years.

This updated data was used to identify the number of individuals enrolled in each MCO, which required further testing due to the possibility that some individuals were deceased at the time capitation payments were still being made. The auditor performed a comparative analysis to determine whether individuals enrolled in any of the MCOs were also listed in the death data provided by Vital Statistics. When a deceased individual was found to have been enrolled in an MCO, the auditors investigated whether any capitation payments were made after the individual's date of death.

The auditor determined the potential total overpayments made for each individual after their date of death by calculating the overpaid amounts and then taking the non-date of death (non-DOD), and date of death (DOD) adjustments made by the MCO, to get a final overall overpaid amount. A date of death adjustment refers to a process where the date of a recipient's death is updated in the enrollment system and there is an adjustment made to the amount that has been paid out, while a non-date of death adjustment refers to any adjustment that is not related to an individual being deceased. These adjustments can be a negative or positive transaction reflected in the data.

After determining the potential overpayment amount, the auditors sought to determine the amount of non-date of death and date of death adjustments made by each MCO. Auditors found

that there were non-date of death and date of death adjustments being carried out in the data, however, some of the adjustments occurred several years after the date of death, which means capitation payments were being paid out for deceased individuals for years after the individuals had passed. After calculating the total potential overpayment amount, the auditors sent BMS the preliminary findings, as they are subject matter experts. BMS informed the auditors that they have made changes to claims paid after date of death. BMS now runs a quarterly report showing all claims paid after death. BMS reviews these claims and sends any that need to be reversed to Gainwell, each MCO also has a report to review and recover any incorrect payments.

Additionally, BMS sent the auditor up-to-date capitation payment data in which the auditor retested and identified a total of 15,346 deceased individuals. Out of the deceased individuals included in MCO data, there were 7,811 individuals from Aetna, 3,565 individuals from THP, and 3,970 individuals from Unicare where unadjusted capitation payments remained for individuals that were deceased according to data provided by Vital Statistics. Table 2 below breaks down the total of outstanding overpayments, net of corrective adjustments, to each MCO during the audit period. It should be noted that the numbers of individuals identified within each MCO may not represent unique individuals, as it is possible individuals were a part of different MCOs during different fiscal years.

Table 2: Potential Overpayments for Deceased Individuals by Provider FY 2019-2022

Provider	Potential Deceased Individuals	Potential Total Overpayment
Aetna	7,811	$241,276.48
THP	3,565	$231,416.57
Unicare	3,970	$297,322.62
Total	**15,346**	**$770,015.67**

Source: Legislative Auditor Analysis using data provided by BMS and Vital Statistics

Summary and Conclusion

While the auditors have identified overpayment issues related to ineligible and deceased individuals, the efforts of BMS to implement necessary changes to its processes to reduce overpayments in the future and to correct historical overpayments should be recognized. These efforts include uploading and making corrections based on ten years' worth of vital statistics information as well as receiving direct access to corrections information so that incarceration and release dates can be kept up to date. Based on the processes described by BMS it appears the changes made would have aligned with the recommendations from the Legislative Auditor based on the results identified above.

While the Legislative Auditor is reporting the results of the audit work conducted, it would be disingenuous to not recognize the high likelihood the results may be reduced if further testing were conducted on current data. However, all parties agreed with work ongoing at BMS to address the issues, along with the challenges that BMS has faced with pulling the proper data for the audit, it would not be an effective use of available staff resources for either the Legislative Auditor's Office or BMS and would most likely negatively impact the ongoing efforts of BMS. Should the Post Audit Subcommittee so direct, a follow-up audit can be conducted after BMS has completed implementing the procedural changes and made the necessary corrections to the capitation payments which would likely be far more efficient and yield more accurate results.

Recommendations:

1. The Legislative Auditor recommends the Bureau for Medical Services to continue correcting historical overpayments made to the MCOs for ineligible incarcerated individuals and for deceased individuals.

2. The Legislative Auditor recommends the Bureau for Medical Services to report to the Post Audits Subcommittee members and the Legislative Auditor by writing, upon completion of its corrective efforts, the results of the corrections made to MCO capitation payments for individuals that were ineligible due to death or incarcerated for the period of FY2019 through FY2022, as well as current amounts corrected to date resulting from these recent efforts and the processes and procedures it has implemented to more efficiently correct or prevent these overpayments moving forward.

Appendix A

WEST VIRGINIA LEGISLATURE
JOINT COMMITTEE on GOVERNMENT and FINANCE
Legislative Auditor's Office

1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610
(304) 347-4880

Justin Robinson
Legislative Auditor

September 15, 2025

Cindy Beane, Commissioner
Department of Health
Bureau for Medical Services
305 Capitol Street
Room 251
Charleston, WV 25301

Commissioner Beane:

This is to transmit a draft copy of the Post Audit Division's report on the Department of Health's Bureau for Medical Services Oversight of Managed Care Organizations Payments for Ineligible Incarcerated or Deceased Individuals. This report is scheduled to be presented during the October interim meeting of the Post Audits Subcommittee. The date and time have not been set for this meeting, but the interim meetings will occur between October 5-7, 2025. We will inform you of the exact time and location once the information becomes available. It is recommended that a representative of your agency be present at the meeting to respond to the report and answer any questions the committee may have during or after the meeting.

If you would like to schedule an exit conference to discuss this draft report prior to its release, please contact Terri Stowers at 304-347-4880 or terri.stowers@wvlegislature.gov to schedule this meeting to occur prior to September 26, 2025. In addition, if you would like to provide a written response to the report, we ask that this be provided no later than close of business on Monday, September 29, 2025, for it to be included in the final report. Thank you for your cooperation and please contact our office with any questions or concerns.

Sincerely,

Justin Robinson

Attachment: PA Draft Report Transmittal - Managed Care Organizations.docx

C: Dr. Arvin Singh, Cabinet Secretary
Susan Deel, Director

Appendix B

Objective, Scope, & Methodology

The Post Audit Division of the Office of the Legislative Auditor conducted this post audit as authorized by Chapter 4, Article 2, Section 5 of the West Virginia Code, as amended. The post audit was conducted in accordance with the standards applicable to performance audits contained in the 2018 generally accepted government auditing standards (GAGAS) issued by the Government Accountability Office. Those standards require the audit to be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The Legislative Auditor believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Legislative Auditor's Office reviews the statewide single audit and the DOH financial audit annually with regards to any issues related to the wvOASIS financial system. The Legislative Auditor's Office on a quarterly basis request and reviews any external and internal audits of the wvOASIS financial system. Through its numerous audits, the Legislative Auditor's Office is constantly testing the financial information contained in the wvOASIS financial system. In addition, the Legislative Auditor's Office has sought the professional opinion of the reliability of wvOASIS from the Joint Committee on Government and Finance's Fiscal Officer who, along with her staff, uses the wvOASIS system daily. Based upon these actions, along with the audit tests conducted on the audited agency, it is our professional judgement that information in the wvOASIS system is reliable for auditing purposes under the 2018 Yellow book. However, in no manner should this statement be construed as a statement that 100 percent of the information or calculations in the wvOASIS financial system is accurate.

Objective

The objectives of this audit were to determine if DHHR paid participant fees for deceased individuals in the Bureau for Behavioral Health Partnerships and Mountain Health Trust Programs and if DHHR has sufficient internal controls in place for identifying deceased Medicaid participants in a timely manner. As well as, to determine if DHHR paid Medicaid participant fees for incarcerated individuals in the Bureau for Behavioral Health Partnerships and Mountain Health Trust Programs and to determine if DHHR has sufficient internal controls in place to refrain from making Medicaid payments except when the inmate is a patient in a medical institution.

Scope

The scope of this audit was comprised of Bureau for Behavioral Health and Mountain Health Trust Program participation fee payments made by DHHR Fiscal Years 2019-2022.

Methodology

Post Audit staff obtained and analyzed several different iterations of capitation payment data for Medicaid members as well as, vital statistics data for deceased individuals, and corrections data reflecting the incarceration dates of individuals. Audit staff performed different analysis for this audit, one involving capitation payment data and vital statistics information, and the other involving capitation payment data and corrections data.

Audit staff conduct a comparative analysis utilizing the capitation data and incarceration data. The analysis resulted in a list of individuals that were identified as having incarceration dates that would make them ineligible to participate in the plan while also having capitation payments for the same periods of time. The audit staff reviewed each individual monthly capitation payment made to the MCOs, for each individual identified in the comparative analysis, to determine the dollar value for the payment made, the period of coverage for the payment, and identify any overlap with the specific dates of incarceration that would cause the participant to be ineligible for the program. The total amount calculated by this analysis represented the maximum amount of overpayment during the audit period for ineligible incarcerated participants.

The audit staff also conducted a comparative analysis to determine whether individuals enrolled in any of the MCOs were also listed in the death data provided by Vital Statistics. When a deceased individual was found to have been enrolled in an MCO, the audit staff determined if any capitation payments were made after the individual's date of death. The auditor determined the potential total overpayments made for individual's after their date of death by calculating the overpaid amounts and then taking the non-date of death (non-DOD), and date of death (DOD) adjustments made by the MCO, to get a final overall overpaid amount.

WEST VIRGINIA DEPARTMENT OF HUMAN SERVICES

Appendix C

STATE OF WEST VIRGINIA
DEPARTMENT OF HUMAN SERVICES
BUREAU FOR MEDICAL SERVICES

Alex J. Mayer
Cabinet Secretary

Cynthia Beane, MSW, LCSW
Commissioner

October 1, 2025

Justin Robinson, Director
West Virginia Legislative Auditor's Office
1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610

RE: Bureau for Medical Services
Oversight of Managed Care Organizations Audit

Director Robinson:

The Bureau for Medical Services (BMS) acknowledges receipt of a draft version of the Post Audit Division's report on Potentially Paid Participant Fees for Ineligible Participants in the managed care Mountain Health Trust Program under the Department of Human Services, Bureau for Medical Services. After reviewing the report and the recommendations, the Bureau for Medical Services agrees with the findings and the recommendations set forth by the West Virginia Legislative Auditor's Office.

The BMS works with its vendors, Gainwell Technologies (GT), and its MCOs on continuous quality data improvement activities to identify and resolve incorrect capitation payments to the MCOs for members not enrolled with their Plan. Since 2020, BMS has been working with the State Auditor's Office (SAO) reviewing managed care capitation payments for deceased and incarcerated members. Issues with the initial data files were discovered during the ongoing communications with the SAO; the data fields were corrected each time an issue was identified. Capitation is correctly paid for the month in which the member deceases or begins incarceration. Due to the timing of the enrollment lists and the capitation payment calculations, members that die or begin incarceration on the last day of the month are later reconciled and the capitation is recouped.

In January 2025, the BMS requested the past ten years of death records from the Health Statistics Center (HSC) Vital Statistics Office as part of the cleanup of this issue. The data was uploaded to GT system and resolved the majority of the DoD file issues. In July 2022, GT began receiving a daily file from the DOC with new incarcerations and releases, which are identified by type (regular release, work release, day report release, etc.). In April 2025, BMS was granted read access to the DOC system for member lookup and verification of incarceration and release dates. The MCOs submit a Member Status Report each Friday to BMS outlining changes in member status including DoD and incarcerations, which is verified with HSC or DOC data, respectively.

As noted in the report, the BMS identified and recovered capitation payments during two cleanup projects totaling $2,372,940.24 for 638 unique Medicaid members. The BMS will continue to report on results of projects and general recoupments of capitation for members that might be paid in cases where the members were deceased or incarcerated

The corrective actions BMS has taken has significantly reduced the incidents of incorrect capitation payments to the MCOs. BMS has recouped erroneous capitation payments to the MCOs going back to 2019.

Thank you for the opportunity to review this report. If we can be of further assistance, please do not hesitate to contact our office at 304-558-1700.

Sincerely,

Cynthia Beane, MSW, LCSW
Commissioner

Cc: Sarah Young, Deputy Commissioner, Policy & Operations
Gary Knight, Deputy Commissioner, Plans Management & Integrity
Susan Deel, Director, Office of Managed Care

POST AUDITS SUBCOMMITTEE
MEMBERS

SENATE MEMBERS
President, Randy Smith
Scott Fuller
Robbie Morris
Patricia Rucker
Michael Woelfel

HOUSE MEMBERS
Roger Hanshaw*, Speaker*
Marty Gearheart
Tristan Leavitt
Chris Phillips
Kayla Young

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR
- POST AUDIT DIVISION -

Room 329 W, Building 1
1900 Kanawha Boulevard East
Charleston, West Virginia 25305
Phone: (304) 347-4880