

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**LOUISIANA APPROPRIATELY CLAIMED
MOST BALANCING INCENTIVE
PAYMENT PROGRAM FUNDS**

Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov

Amy J. Frontz
Deputy Inspector General
for Audit Services



March 2021
A-06-19-02000

Office of Inspector General

<https://oig.hhs.gov>

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Report in Brief

Date: March 2021

Report No. A-06-19-02000

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

The Patient Protection and Affordable Care Act of 2010 established the State Balancing Incentive Payment Program (BIPP), which authorized a \$3 billion Federal appropriation over the program's 4-year period. The purpose of the BIPP was to move States' long-term care programs away from institutional care and toward community-based care. As such, States were required to use the BIPP funding to provide new or expanded community-based long-term services and supports (LTSS). The Centers for Medicare & Medicaid Services (CMS) awarded funds to approved States through an increase in their Federal Medical Assistance Percentage (FMAP) for eligible Medicaid community-based LTSS.

Our objective was to determine whether Louisiana claimed its BIPP expenditures in accordance with Federal requirements.

How OIG Did This Audit

From April 1, 2013, through December 31, 2014, Louisiana claimed \$1.59 billion in BIPP expenditures and received \$31.9 million of BIPP funding at the increased FMAP. We assessed the overall accuracy of amounts claimed on the CMS-64 report by tracing them to supporting summary reports from Louisiana's accounting system. We then selected \$28.9 million of claimed BIPP funds and obtained and analyzed supporting claim data.

Louisiana Appropriately Claimed Most Balancing Incentive Payment Program Funds

What OIG Found

Louisiana appropriately claimed most of its BIPP expenditures in accordance with Federal requirements. Specifically, of the \$1.59 billion claimed by Louisiana, \$1.53 billion (96 percent) was for eligible noninstitutional LTSS expenditures under the BIPP. Accordingly, Louisiana appropriately received \$30.5 million of BIPP funding at the enhanced FMAP rate. However, \$66.3 million (4 percent) was not related to noninstitutional LTSS because Louisiana mistakenly included ineligible procedure codes as noninstitutional LTSS expenditures on the CMS-64. As a result, Louisiana inappropriately received more than \$1.3 million at the enhanced FMAP rate for ineligible expenditures.

What OIG Recommends and Louisiana Comments

We recommend that Louisiana refund \$1.3 million to the Federal Government in BIPP funding that it received for ineligible expenditures.

In written comments on our draft report, Louisiana concurred with our finding and recommendation and described actions that it has taken and plans to take to address our finding. These actions include refunding \$1.3 million in BIPP funding to the Federal Government, implementing a process to review expenditures before submission of the CMS-64 report, and continuing to train the reporting staff.

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INTRODUCTION

WHY WE DID THIS REVIEW

The Patient Protection and Affordable Care Act of 2010 (ACA) established the State Balancing Incentive Payments Program (BIPP), which authorized a \$3 billion Federal appropriation over the program's 4-year period. The purpose of the BIPP was to move States' long-term care programs away from institutional care and toward community-based care. As such, States were required to use the BIPP funding to provide new or expanded community-based long-term services and supports (LTSS). The Centers for Medicare & Medicaid Services (CMS) awarded funds to approved States through an increase in their Federal Medical Assistance Percentage (FMAP) for eligible Medicaid community-based LTSS. We audited Louisiana, in part, because CMS suspended the State's BIPP as of January 1, 2015, because of the State's inability to commit at least 50 percent of LTSS expenditures on noninstitutional home and community-based services as required by the program's terms and conditions.

OBJECTIVE

Our objective was to determine whether the Louisiana Department of Health (State agency) claimed its BIPP expenditures in accordance with Federal requirements.

BACKGROUND

The Medicaid Program

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, CMS administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. In Louisiana, the State agency administers the Medicaid program. Although the State agency has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. The Federal Government pays its share of a State's Medicaid expenditures based on the FMAP, which varies depending on the State's relative per capita income (Social Security Act § 1903(a)(1) and 42 CFR § 433.10).

The State agency's regular FMAP was 65.51 percent for Federal fiscal year (FY) 2013, 62.11 percent for FY 2014, and 62.05 percent for FY 2015.

Within 30 days after the end of each quarter, States report to CMS expenditures and the associated Federal share on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64 report). The amounts that States report must represent actual expenditures (42 CFR § 430.30(c)). The State agency uses line items on the CMS-64 report to split expenditures based on the type of services provided. For example, State agencies use line

12 to report home health services expenditures and line 19A to report home and community-based services expenditures.

State Balancing Incentive Payments Program

Section 10202 of the ACA established BIPP, which allowed eligible States to receive an increase in their FMAPs only for eligible Medicaid noninstitutional LTSS expenditures. States that spent less than 50 percent of their total Medicaid LTSS expenditures on noninstitutional LTSS prior to participating in the program were eligible for the BIPP. States that spent less than 25 percent were eligible for a 5-percent increase in their FMAPs; States that spent between 25 percent and 50 percent were eligible for a 2-percent increase in their FMAPs. The State agency received a 2-percent increase to its FMAP. States that received a 2-percent increase in their FMAPs had to spend at least 50 percent of their total Medicaid LTSS expenditures on noninstitutional LTSS by the end of the program.

CMS identified specific CMS-64 report line items eligible for the increased FMAP. See Appendix B for those eligible line items.

HOW WE CONDUCTED THIS REVIEW

From April 1, 2013, through December 31, 2014,¹ the State agency claimed \$1,592,790,065 in BIPP expenditures and received \$31,855,801 of BIPP funding at the increased FMAP. We assessed the overall accuracy of amounts claimed on the CMS-64 report by tracing them to supporting summary reports from the State agency's accounting system. We obtained and reconciled the CMS-64 reports to the corresponding claims data. We then selected three CMS-64 report line item amounts eligible for BIPP funding and obtained and analyzed supporting claim data.

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.

See Appendix A for the details of our audit scope and methodology.

FINDING

The State agency appropriately claimed most of its BIPP expenditures in accordance with Federal requirements. Specifically, of the \$1,592,790,065 claimed by the State agency,

¹ CMS suspended Louisiana's BIPP at the start of the 2nd quarter of FY 2015. We reviewed the CMS-64 data while the program was active from the 3rd quarter of FY 2013 through the 1st quarter of FY 2015. We also reviewed program adjustments made on the CMS-64 reports through the 3rd quarter of FY 2018.

\$1,526,448,571 (96 percent) was for eligible noninstitutional LTSS expenditures under the BIPP. Accordingly, the State agency appropriately received \$30,528,971 of BIPP funding at the enhanced FMAP rate. However, \$66,341,494 (4 percent) was not related to noninstitutional LTSS because the State agency mistakenly included ineligible procedure codes as noninstitutional LTSS expenditures on the CMS-64. As a result, the State agency inappropriately received \$1,326,830 in BIPP funding for the ineligible expenditures.

RECOMMENDATION

We recommend that the Louisiana Department of Health:

- refund \$1,326,830 to the Federal Government in BIPP funding that it received for ineligible expenditures.

STATE AGENCY COMMENTS

In written comments on our draft report, Louisiana concurred with our finding and recommendation and described actions that it has taken and plans to take to address our finding. These actions include refunding \$1.3 million in BIPP funding to the Federal Government, implementing a process to review expenditures before submission of the CMS-64 report, and continuing to train the reporting staff. The State agency's comments are included in their entirety as Appendix C.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

From April 1, 2013, through December 31, 2014, the State agency claimed \$1,592,790,065 in BIPP expenditures and received \$31,855,801 of BIPP funding at the increased FMAP.

Our objective did not require a review of the State agency's overall internal control structure. Therefore, we limited our internal control review to the State agency's procedures for claiming expenditures on the CMS-64 report.

We conducted fieldwork at our office in Baton Rouge, Louisiana.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws and regulations;
- interviewed State agency officials to obtain an understanding of the State agency's policies and procedures for claiming BIPP funds;
- assessed the overall accuracy of the amounts claimed on the CMS-64 report by tracing them to supporting summary reports from the State agency's accounting system;
- obtained and reconciled the CMS-64 reports to the corresponding claims data;
- selected three CMS-64 report BIPP line items that represented 91 percent of the State agency's claimed expenditures for the audit period;
- traced expenditures included in the selected line items to detailed records and analyzed them;
- calculated the additional Federal share that should have been returned; and
- discussed our results with the State agency.

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.

**APPENDIX B: CMS-64 REPORT LINE ITEMS ELIGIBLE FOR THE STATE BALANCING INCENTIVE PAYMENTS
PROGRAM PERCENTAGE**

Line Item(s)²	Description
12	Home health services
18A	Medicaid Health Insurance Payments: Managed Care Organizations
18B2	Prepaid Inpatient Health Plan
19A	Home and community-based services – regular payment (Waiver)
22	Programs for All-Inclusive Care for the Elderly
23A	Personal care services – regular payment
24A and 24B	Targeted Case Management
40	Rehabilitative services (non-school-based)
41	Private duty nursing
43	Health Homes for Enrollees with Chronic Conditions

² For line items 18A and 18B2, only the portion of the expenditures that related to noninstitutional LTSS was eligible for the increased BIPP FMAP.

APPENDIX C: STATE AGENCY COMMENTS

John Bel Edwards
GOVERNOR



Dr. Courtney N. Phillips
SECRETARY

State of Louisiana

Louisiana Department of Health
Office of the Secretary

February 22, 2021

VIA E-MAIL ONLY

Patricia Wheeler
Regional Inspector General for Audit Services – OIG
Office of Audit Services, Region VI
1100 Commerce Street, Room 632
Dallas, TX 75242

Re: Louisiana Appropriately Claimed Most Balancing Incentive Payment Program Funds – OIG Report A-06-19-02000

Dear Ms. Wheeler:

On behalf of the Louisiana Department of Health (LDH), I acknowledge receipt of your correspondence dated January 22, 2021, in regards to your office's finding and recommendation related to the claiming of Balancing Incentive Payment Program (BIPP) funds. LDH also appreciates the opportunity to address the finding and the recommendation presented in your report. Along those lines, please allow this correspondence to serve as the LDH's official response thereto.

The Louisiana Department of Health (LDH) has reviewed the finding and recommendation and provided the following response below.

OIG Finding - Louisiana Appropriately Claimed Most Balancing Incentive Payment Program Funds.

Louisiana appropriately claimed most of its BIPP expenditures in accordance with Federal requirements. Specifically, of the \$1.59 billion claimed by Louisiana, \$1.52 billion (96 percent) was for eligible noninstitutional LTSS expenditures under the BIPP. Accordingly, Louisiana appropriately received \$30.5 million of BIPP funding at the enhanced FMAP rate. However, \$66.3 million (4 percent) was not related to noninstitutional LTSS because Louisiana mistakenly included ineligible procedure codes as noninstitutional LTSS expenditures on the CMS-64. As a result, Louisiana inappropriately received more than \$1.3 million at the enhanced FMAP rate for ineligible expenditures.

Bienville Building • 628 N. Fourth St. • P.O. Box 629 • Baton Rouge, Louisiana 70821-0629
Phone: (225) 342-9500 • Fax: (225) 342-5568 • www.ldh.la.gov
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Ms. Patricia Wheeler
Louisiana Appropriately Claimed Most Balancing Incentive Payment Program
Funds – OIG Report A-06-19-02000
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OIG Recommendation - We recommend that Louisiana refund \$1.3 million to the Federal Government in BIPP funding that it received for ineligible expenditures.

LDH Response -

LDH concurs with this finding.

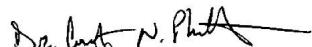
Upon review of the finding, LDH has confirmed the expense noted was inadvertently reported on the wrong line of the CMS-64 quarterly report.

Corrective Action Plan

LDH will return \$1.3 million in BIPP funding to the Federal Government on the March 31, 2021 quarter ending CMS-64 federal reporting. The federal reporting staff of LDH continues to receive ongoing training and has implemented a process for line review from work papers to MBES lines prior to submission. LDH has not noted any reoccurrence of this error.

You may contact Helen Harris, LDH Fiscal Director by telephone at (225) 342-9568 or by e-mail at helen.harris@la.gov with any questions concerning this matter.

Sincerely,


Dr. Courtney N. Phillips