



Five points of clarification on Louisiana Medicaid audit

The Louisiana Legislative Auditor's recent review of Medicaid eligibility determinations caught the attention of journalists, the Legislature and political pundits. But the [audit findings](#) were more nuanced than the headlines suggest, and a careful reading of the audit report reveals findings that aren't as salacious as conservative critics would have you think.

The auditors reviewed how the Louisiana Department of Health reviews applications for Medicaid coverage to make sure a person's income is low enough to qualify. Non-disabled adults can only get coverage if they make below 138 percent of the federal poverty line - [\\$1,397 per month, or \\$16,764 annually](#).

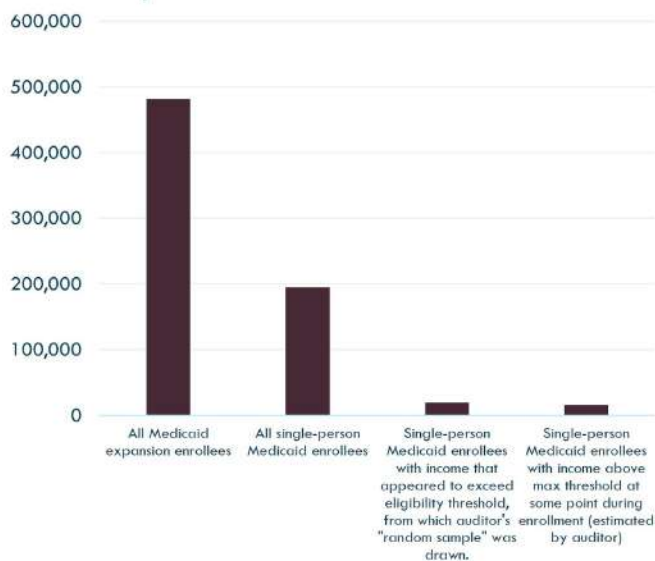
For the eligibility review, auditors verified the average quarterly income of single-person households that the Louisiana Department of Health had deemed eligible and enrolled in Medicaid. The auditor compared the income of a subset of those enrolled individuals, as reported by employers to the Louisiana Workforce Commission, to the income limits for Medicaid expansion.

Here's what the audit did (and did not) find:

- 1) The audit **did not reveal any illegal or improper actions** by eligibility workers or officials that run Louisiana Medicaid program. Eligibility case workers were (except for in the case of human error) abiding by the health department's federally-approved Medicaid state plan in making eligibility determinations.
- 2) Medicaid enrollees who were found to have earned too much to qualify at some point during their coverage period did not receive any money from the state. Some received health care services, but there is **no cash benefit to Medicaid enrollees**; all payments are made directly to health insurers and health care providers.
- 3) The "random sample" study conducted by the auditor **was not a random sample of all Medicaid expansion enrollees** or even of all 195,306 single-person households in Medicaid expansion. Rather, it was a random sample of the 19,226 single-person households that the auditor *pre-identified* as having average quarterly income above the Medicaid eligibility income limit. The auditor found that 82 of those 100 pre-identified individuals were ineligible for Medicaid at some point during their enrollment in the program.

The audit then applied that rate to the entire pre-identified population and estimated that 15,958 individuals were enrolled in Medicaid but earned above the income limit. When compared to the entire single-person household Medicaid population of 195,306 individuals, the actual statistic is that 8.2 percent of single-person households enrolled in Medicaid expansion at some point had income above the Medicaid eligibility limit, far different from the 82 percent reported in the [audit summary](#).

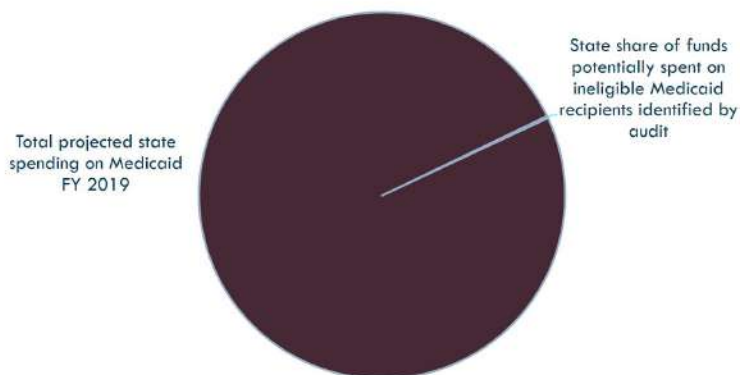
Legislative audit did not include a true random sample of all single-person Medicaid households



Louisiana Legislative Audit Report, November 2018

- 4) The audit estimates that Louisiana Medicaid spent between \$61.5 and \$85.5 million on ineligible Medicaid recipients, figures that include both state and federal Medicaid funds. Because the federal government pays 93.5 percent of all Medicaid expansion costs this fiscal year, the amount of state funds that were spent on providing health insurance and health services to individuals who were ineligible for Medicaid at some point during the year was between \$4 and \$5.5 million. That's between **.16 percent and .22 percent of the total projected state funding** for Medicaid in this fiscal year.

State funds spent on ineligible Medicaid recipients are a tiny fraction of total state Medicaid funding



Louisiana Legislative Audit Report, November 2018; 2018-19 Louisiana State Budget

- 5) The audit report makes only a brief mention of the [new eligibility system](#) that the Louisiana Department of Health has been working on for years, and was in the final stages of development during the months audit was underway. The new system is able to **regularly verify the incomes of Medicaid enrollees**, whereas the old system required manual verification by an already thinly stretched eligibility team.

No one wants taxpayer dollars to be misspent, which is why it's critical that the Department of Health use the new eligibility system and train caseworkers to correct the errors identified in audit. The Auditor's office plays an important watchdog role in safeguarding taxpayer funds, but it's important that lawmakers don't use the findings of the audit simply to criticize Medicaid and score political points. Rather, they should use the audit findings to work with agency officials to strengthen and improve this vital health insurance program.

- By Jeanie Donovan
December 2018