

## Why GAO Did This Study

In fiscal year 2018, Medicaid covered approximately 75 million individuals at an estimated cost of \$629 billion, \$393 billion of which were federal funds. Medicaid eligibility is governed by a network of federal and state laws and regulations. In assessing eligibility for Medicaid, states must determine whether applicants meet eligibility criteria, such as financial and citizenship requirements. The accuracy of eligibility decisions has implications for federal and state spending.

The Patient Protection and Affordable Care Act made significant changes to Medicaid eligibility rules beginning in 2014, including new ways of calculating income and new requirements related to electronically verifying applicants' information. Yet, little is known about the accuracy of states' Medicaid eligibility determinations since these changes were implemented.

GAO was asked to review Medicaid eligibility determinations. This report describes, among other things, what is known about the accuracy of Medicaid eligibility determinations, and CMS's efforts to recoup funds related to eligibility errors. GAO reviewed 47 state and federal audits of Medicaid eligibility determinations across 21 states published between 2014 and 2018. GAO also reviewed relevant federal laws and regulations, and interviewed CMS officials.

The Department of Health and Human Services provided technical comments on a draft of this report, which GAO incorporated as appropriate.

## MEDICAID ELIGIBILITY

### Accuracy of Determinations and Efforts to Recoup Federal Funds Due to Errors

#### What GAO Found

States are responsible for determining applicants' eligibility for Medicaid, including verifying eligibility at application, redetermining eligibility, and disenrolling individuals who are no longer eligible. The Centers for Medicare & Medicaid Services (CMS) oversees states' Medicaid eligibility determinations. CMS did not publish an updated national Medicaid eligibility improper payment rate from 2015 through 2018 as states implemented the Patient Protection and Affordable Care Act. CMS released an updated rate in November 2019 that reflected new information on eligibility errors from 17 states.

In lieu of complete and updated data, GAO reviewed 47 state and federal audits published between 2014 and 2018 related to 21 states' eligibility determinations.

#### Frequency of Eligibility Determination Accuracy Issues Identified in Audits

Accuracy issue categories	Number of audits	Number of states
Incorrect or incomplete income or asset information	24	13
Eligibility redeterminations not made in a timely manner	20	10
Ineligible individual not disenrolled in a timely manner	14	9
Unresolved income discrepancies	10	7
Individuals enrolled in incorrect basis of eligibility	11	6
Unidentified or unaddressed changes in circumstances	11	5

Source: GAO review of 47 state and federal audits conducted between 2014 and 2018. | GAO-20-157

The identified accuracy issues did not always result in erroneous eligibility determinations. For example, some audits found

- applicants were determined eligible based on incomplete financial information, but when the audits reviewed additional information they found that the applicants still would have been eligible for Medicaid; and
- eligibility determinations complied with state policies and federal requirements, but noted that changes in state practices—such as using additional data sources to verify applicant information or checking sources more frequently—could improve eligibility determinations.

While CMS is generally required to disallow, or recoup, federal funds from states for eligibility-related improper payments if the state's eligibility error rate exceeds 3 percent, it has not done so for decades, because the method it used for calculating eligibility error rates was found to be insufficient for that purpose. To address this, in July 2017, CMS issued revised procedures through which it can recoup funds for eligibility errors, beginning in fiscal year 2022. In addition, the President's fiscal year 2020 budget request includes a legislative proposal to expand the agency's authority to recoup funds related to eligibility errors. During this period of transition, federal and state audits will continue to provide important information about the accuracy of states' eligibility determinations.