

Department of Human Services: Outstanding Provider Debt in Minnesota's Medicaid Program

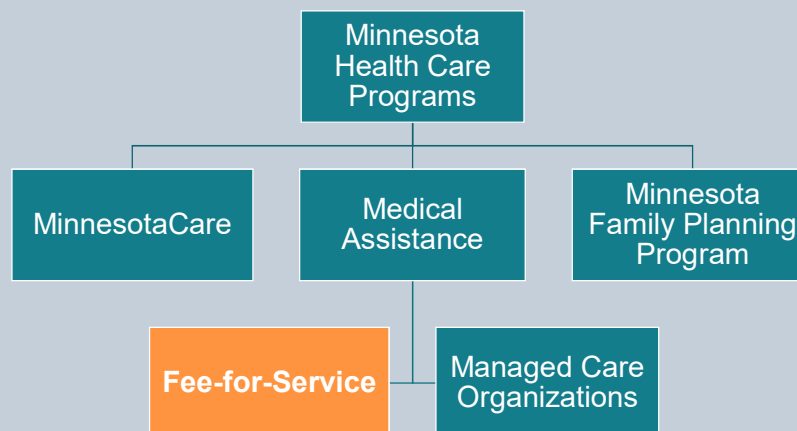
Performance Audit

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Outstanding Provider Debt Overview



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Outstanding Provider Debt Process



Audit Objectives and Scope

Objectives

Did DHS comply with legal requirements and have adequate internal controls related to:

- Recovering outstanding provider debt
- Financial reporting

Scope

October 2006 through June 2023

Composition of Outstanding Balances

Provider Type	Number of Providers	Outstanding Balance (in Millions)
Long-Term Care Facilities	214	\$32.3
Hospital Facilities	146	3.2
Intermediate Care Facility/ Developmental Disabilities	19	2.0
Consolidated Providers	118	2.9
Remaining Providers (57 types)	<u>2,060</u>	<u>11.3</u>
Total Provider Debt	2,557	\$51.7

Audit Conclusion

- DHS did not comply with legal requirements we tested.
- DHS generally had inadequate internal controls.
- We identified 4 findings during this audit.

Outstanding Provider Debt (p. 7)

DHS has not attempted to recover over \$40 million in outstanding overpayments to Medical Assistance providers' accounts.

- Last notification letter sent in 2019
- Last group of notification letters sent in 2015

Recommendations:

- Recover debt
- Improve internal controls

Outstanding Provider Debt (p. 7)

Policy and Procedure

- Program staff - notification letters
- Finance division - accounts receivable billing

Staff were not aware of their responsibilities.

Outstanding Provider Debt (p. 9)

DHS is planning to forgo recovery of outstanding provider debt that may still be recoverable.

- Balances under \$1,000
- Balances over 6 years old
- Balances for providers that have filed bankruptcy or are deceased
- Balances that DHS will pursue

Recommendations:

- Recover outstanding debt
- Work with the Legislature to clarify its authority to recover outstanding debt

Financial Reporting (p. 11)

DHS has not accurately reported its accounts receivable balance to MMB for inclusion in the state's financial statements since 2019.

- Balance has grown since 2016
- Estimate for uncollectible amount decreased
- No write offs of older balances since at least 2016

Recommendations:

- Accurately report its accounts receivable balance
- Improve internal controls

Claims Data (p. 12)

DHS was unable to provide adequate data to enable us to confirm the outstanding provider balances.

- Incomplete data
- Variances between data and reported amounts
- Incorrect dates

Recommendations:

- Maintain documentation
- Ensure balances are accurate

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