Commonwealth of Pennsylvania
Department of Public Welfare's
Medicaid Program

Union County Assistance Office

Audit Report for the Period
December 22, 2007 to April 23, 2010

Commonwealth of Pennsylvania
Department of Public Welfare's
Medicaid Program

Union County Assistance Office

Audit Report for the Period
December 22, 2007 to April 23, 2010

JACK WAGNER

AUDITOR GENERAL

CONTENTS

Page

REPORT OF INDEPENDENT AUDITORS 1

BACKGROUND INFORMATION 4

OBJECTIVES, SCOPE, AND METHODOLOGY 6

STATUS OF PRIOR AUDIT FINDINGS 8

AUDIT REPORT DISTRIBUTION LIST 9

JACK WAGNER

AUDITOR GENERAL

Report of Independent Auditors

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Corbett:

We have conducted an audit of the Union County Assistance Office (CAO) pursuant to Section 109.1 of Title 55 of the Pennsylvania Code and Sections 402 and 403 of the Fiscal Code. The audit period was December 22, 2007 through April 23, 2010. The objectives of our audit were to determine whether the CAO made proper eligibility determinations for recipients of Medicaid and to determine whether DPW took appropriate action to address the findings and recommendations contained in our prior audit report.

When recipients are not eligible for Medicaid, the cost to Pennsylvania taxpayers of the resulting improper payments could be significant. For individuals receiving health care services through a managed care organization (MCO), a set monthly capitation fee is paid to the MCO even if the recipient did not receive services during the period of ineligibility. For individuals not in an MCO, the amount of improper payments depends on the cost of services received by individuals during periods of ineligibility.

As a result of our audit, we determined that no deficiencies existed that would warrant a finding or observation in this audit report.

During the exit conference, we reviewed the audit results with the Union CAO management. We have included the CAO and DPW management comments, where applicable, in this report.

Sincerely,

JACK WAGNER
Auditor General

July 25, 2012

JACK WAGNER

AUDITOR GENERAL

Commonwealth of Pennsylvania
Department of Public Welfare
Union County Assistance Office

BACKGROUND INFORMATION

Background Information

Medicaid, also known as DPW's medical assistance program is the federal health care program for families and individuals with low income and resources. It is funded jointly by the state and the federal governments. DPW administers the program while the federal Centers for Medicare and Medicaid (CMS) establishes requirements for service delivery, quality and eligibility standards.

Eligibility determinations are based on federal and state regulations specifying which individuals qualify for a program and the amounts for which they qualify. The Code of Federal Regulations (CFR) contains the applicable federal regulations. The Pennsylvania Code contains the applicable state regulations.

Relevant information about recipients is recorded and maintained in DPW's Client Information System (CIS). This information is used to determine eligibility status and category of aid. The CAO updates information on CIS when new information becomes available.

CAO personnel utilize DPW's Income Eligibility Verification System (IEVS) to compare income and resource information with income and resource information obtained from outside sources. IEVS is updated on a regular basis with information from several sources including wage information from the Department of Labor and Industry, benefit information from the Social Security Administration, and tax and unearned income information from the Internal Revenue Service (IRS). CAO caseworkers are required to review this information at the time of application, when the recipient submits his/her semi-annual reporting (SAR) form and at the annual renewal. Caseworkers receive alerts when they are required to review certain information between the application date, the SAR and at the time of the annual renewal.

Commonwealth of Pennsylvania
Department of Public Welfare
Union County Assistance Office

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives, Scope, And Methodology

To achieve our audit objectives regarding eligibility, we obtained a quarterly data file from the Department of Public Welfare of all recipients determined by the CAO to be eligible for Medicaid benefits as of December 31, 2009. We selected a random sample of 136 cases from the 1,945 cases related to our audit objectives for the Union CAO represented in the data file. Our audit period was December 22, 2007 to April 23, 2010.

For each case selected in our sample, we tested certain aspects of eligibility, including income, disability, citizenship and identity, and other non-financial eligibility requirements to determine compliance with DPW regulations and administrative policies.

The criteria we used to test cases in our sample include the Code of Federal Regulations and the Pennsylvania Code, Title 55.

It is DPW's position that current law does not allow DPW to provide all federal and state wage and unearned income information to the Department of the Auditor General. DPW provided us with most, but not all, federal and state wage and unearned income information. DPW did not give us access to IRS-reported wage and income data. This scope limitation prevents us from confirming that all available resources were included in calculating recipients' eligibility for benefits.

Commonwealth of Pennsylvania
Department of Public Welfare
Union County Assistance Office

STATUS OF PRIOR AUDIT FINDINGS

Status of Prior Audit Findings

Our prior audit of the Union CAO resulted in one reported finding: CAO management failed to make proper Medicaid eligibility determinations. We performed audit procedures regarding this finding and as a result, we determined that no deficiencies existed to warrant a repeat finding in this audit report.

Audit Report Distribution List

This report was originally distributed to the following:

Commonwealth of Pennsylvania

The Honorable Tom Corbett
Governor

The Honorable Gary Alexander
Secretary
Department of Public Welfare

The Honorable Charles Zogby
Secretary
Office of the Budget

Alex Matolyak, Director
Division of Financial Policy & Operations
Bureau of Financial Operations
Office of Administration
Department of Public Welfare

The Honorable Robert McCord
State Treasurer

The Honorable Kenya Mann Faulkner
Inspector General

Lourdes Padilla, Deputy Secretary
Office of Income Maintenance
Department of Public Welfare

Rich Wallace, Acting Director
Bureau of Operations
Office of Income Maintenance
Department of Public Welfare

John Kaschak, Director
Bureau of Audits
Office of the Budget

County Assistance Office

James Wirth, Executive Director
Union County Assistance Office

Chairperson
Union County Board of Assistance

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department by accessing our website at www.auditorgen.state.pa.us.