PERFORMANCE AUDIT

Report Highlights

Office of the Washington State Auditor
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Examining Washington's Concurrent Medicaid Enrollments

Medicaid is Washington's largest public assistance program, providing health insurance for more than one in four Washingtonians. About 2 million people – 84% of Washington's approximately 2.4 million total Medicaid enrollees – receive physical and behavioral health care through one of five managed care organizations (MCOs). In fiscal year 2023, federal and Washington state funds for Medicaid spending totaled more than $19.6 billion.

Concurrent enrollment, when one person is enrolled in Medicaid managed care in two or more states, results in multiple governments paying for a benefit that the client receives only once. When someone moves from one state without closing their Medicaid coverage, then signs up for Medicaid in the new state, two states pay for two policies when only one is needed. Multiple premium payments for concurrent enrollments are an example of a "leaky faucet" in the metaphorical pipes of government. These fiscal leaks can be tightened without cutting any services, because being enrolled in more than one state's Medicaid program offers clients little benefit.

The Office of the Washington State Auditor conducted this performance audit in collaboration with the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG), which shared data with Washington that served as the foundation for this audit.

On average, Washington paid $8.6 million a year on unnecessary premiums for clients residing in just seven states reviewed, with even more costs nationwide

After analyzing HHS-OIG data, we reviewed a sample of concurrent enrollments in the seven states with the most concurrent enrollees, including a large sample from Oregon. Our projections show Washington unnecessarily paid, on average, $8.6 million a year in premiums for long-term concurrent enrollees residing in these seven states. In the Oregon sample, five in 10 clients were resident in Oregon while Washington paid for their health insurance. In the sample of the other six states, four in 10 clients were resident in those states while Washington paid for their health insurance.

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Premium payments for Medicaid managed care clients who were resident in other states were made due to various factors, by both the Health Care Authority (HCA) and the Department of Social and Health Services (DSHS); the latter agency administers Medicaid for about 5% of managed care clients. Some Oregon concurrent enrollees regularly visited providers in both states, making it challenging to tell which state should pay for their coverage. Additionally, inaccurate information from the Social Security Administration resulted in clients being reenrolled into Washington's Medicaid program, even after these clients informed DSHS they left the state. We also found that across states, challenging personal situations contributed to many concurrent enrollments. Adults in our sample were twice as likely to be homeless compared to the general Medicaid managed care population, and many concurrent enrollments reflected complex circumstances such as domestic violence and substance use disorders.

Washington could improve existing processes to reduce unnecessary premium payments, but Medicaid needs better nationwide solutions

While Washington agencies have processes to detect nonresident enrollees, HCA and DSHS could improve inter-agency communication, including automated notification systems. The two agencies sent information to the Public Assistance Reporting Information System (PARIS), run by the U.S. Department of Health and Human Services, which used information from all the states to identify people receiving services in more than one state. (The PARIS process was functional during the audit period, but as of August 23, 2024, the process was on hold pending new federal agreements.) Also, both HCA and DSHS have units that process returned mail to identify people who have moved out of state. In addition, DSHS sends automated alerts to notify HCA in certain circumstances when a client has likely moved out of state. However, only certain scenarios triggered these notifications; in some cases, DSHS caseworkers knew clients had likely moved out of state but the system was not programmed to notify HCA. HCA managers said they would like to receive this information from DSHS.

Finally, HCA could reduce and even recover unnecessarily paid premiums by amending MCO contracts to resolve two issues. Current contracts do not address recoveries for concurrent enrollees later determined to be resident in another state, nor require them to compare client rosters across states, even though 85% of Washington's managed care clients are covered by an MCO operating in at least one other state. Managers at MCOs reported that both contract amendments would be actionable.

Still, limitations of federal processes hinder Washington in identifying and resolving concurrent enrollments. The PARIS system does not capture every case of concurrent enrollment, and results vary widely by state. In addition, inaccurate information from the Social Security Administration, together with a lack of clear guidance from federal partners, resulted in unwanted reenrollments. As a national program, Medicaid needs federal solutions for early identification of concurrent enrollments.

State Auditor's Conclusions

Just as a leaking faucet results in the loss of water for no gain to the homeowner, concurrent enrollment results in additional costs to taxpayers without a benefit to the people served by Medicaid. One reason we joined in this work was to document the local ramifications of a national issue. We worked closely with Oregon, and have included detailed information about the complex nature of concurrent enrollment between our two states. We found Medicaid needs federal solutions for early identification of concurrent enrollments; however, Washington state agencies can improve their communication regarding concurrent enrollment. Overall, this report provides valuable insights into the issue for Washington, our fellow state governments and our federal partners.

Recommendations

We made recommendations to HCA and DSHS to improve existing processes and to update the state's contracts with managed care organizations.