

Audit finds lax eligibility checks for public health programs in Minnesota

Overpayments could be as high as \$271 million in public health programs.

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A new audit suggests that many people who enrolled in public health insurance through MNsure last year might not have qualified, driving as much as \$271 million in overpayments during a five-month period. The report issued Thursday by Legislative Auditor James Nobles looked at a sample of cases from early 2015 and found errors in 38 percent of those who enrolled through the state's health insurance exchange in either the Medical Assistance or MinnesotaCare programs. Auditors applied the error rate to a larger group that enrolled through MNsure to project the potential cost.

"We all know there's going to be some error, but this is higher than an acceptable error rate," said Cecile Ferkul, the deputy legislative auditor. The state Department of Human Services (DHS), which uses the MNsure system to run the programs, said the report points to issues that it continues to address, although officials questioned whether the audit overstates the problem.

The auditor's report focused on the portion of MNsure used for the state's public health insurance programs, which generally provide coverage for lower-income Minnesotans.

As of March 2015, more than half of the 870,000 people enrolled in public health care programs had done so through the MNsure system, according to the audit.

It looked at a sample of 157 enrollments through MNsure between January and March 2015, and found that 59 of them were not eligible for the public program from which they were receiving coverage.

The projected overpayment by the state for these enrollees between January and May 2015 was about \$104,213 combined, according to the report.

Auditors applied the error rate to all people who enrolled through

MNsure during the first quarter, and estimated that somewhere between 80,902 people and 132,140 people were either ineligible for coverage or had been placed in the wrong program.

The projected overpayment by the state between January and May was somewhere between \$115 million and \$271 million.

“The Department of Human Services did not adequately verify that people who enrolled in public health care programs through MNsure were eligible for those programs,” the report concluded. “This is a repeat finding.”

Of the 59 people in the auditor’s sample who weren’t eligible for the coverage they were receiving, 44 of them weren’t eligible for any coverage, the report found.

DHS officials, however, questioned this finding. Using a different methodology, DHS audited 128 cases between October 2014 and March 2015 and found only one case in which an enrollee did not qualify for any public program, Deputy Commissioner Chuck Johnson said in an interview.

Plus, the audit covered a period during which the department didn’t have a process for renewing coverage that would effectively check eligibility, Johnson said. A process for handling renewals is now in place, Johnson said, although he acknowledged problems with attempts to use the system for 64,000 people last month.

‘We need to improve’

Even with those qualifiers, Human Services Commissioner Emily Johnson Piper said she took the findings of the audit seriously.

“We need to improve, and the need to improve is critical,” said Piper, who was named commissioner in December. “Not only our IT infrastructure needs to be improved, but also our business practices and customer service as we move forward.”

Minnesota launched the MNsure exchange in 2013 to implement the federal Affordable Care Act. It’s an option for individuals and families to buy private coverage, and also is the new eligibility and enrollment system for the state’s public health insurance programs.

In November 2014, Nobles released a report that found problems determining eligibility by DHS, which is a primary user of MNsure for

eligibility and enrollment in public programs.

The new report found that DHS did not fix nine of 11 problems detailed in the 2014 audit.

In a written response, Piper said the timing of the new audit did not allow DHS enough time to correct all problems from the earlier report. She pledged, however, that the department is working to make the system better.

Republicans who have been critical of the MNsure exchange, as well as the federal health law, jumped on the latest report.

“We’ve spent more than \$300 million on this failed Obamacare exchange, and it somehow still can’t figure out how to prevent hundreds of millions in benefits from going to those who aren’t eligible,” said Rep. Greg Davids, R-Preston, in a statement.

Sen. Michelle Benson, R-Ham Lake, said in a statement that “citizens who need assistance and taxpayers who provide that assistance have both been failed by MNsure.”

During a news conference Thursday morning at MNsure’s headquarters in St. Paul, Gov. Mark Dayton said he had not seen the audit report, but said the system has improved.

Dayton cited recommendations this month from a state task force that said Minnesota should stay the course with MNsure, rather than jump to the federal government’s HealthCare.gov exchange. The federal website would not handle determinations for Medical Assistance and MinnesotaCare.

“We’re better off having this program in our own hands, controlling our own destiny,” Dayton said during the news conference.

Enroll through Sunday

MNsure called the Thursday news conference to encourage Minnesotans to use the exchange to buy private coverage from now through Sunday, which is the close of the current open-enrollment period.

In general comments before being asked about the new audit, Dayton referenced how MNsure workers have struggled with the health exchange system since it was originally planned.

“I was part of those original decisions,” the governor said, “and I look back now and I realize that we just ... seriously underestimated the magnitude of this task.”