



MEDICAID ELIGIBILITY STATUS FOR ADULT CIVIL PATIENTS AT THE COLORADO MENTAL HEALTH INSTITUTES

Performance Audit, May 2012 Report Highlights



Dianne E. Ray, CPA
State Auditor

Department of Health Care Policy and Financing
Department of Human Services

PURPOSE

The purpose of this audit was to determine whether eligible adult civil patients have access to Medicaid as soon as possible when they are discharged from the State's mental health institutes into the community.

BACKGROUND

- Colorado's public mental health system serves Medicaid- and non-Medicaid-eligible individuals in community and institutional settings. Individuals diagnosed with serious mental illness often move between the community and institutional settings as the need for more or less intensive services dictates.
- The Colorado Mental Health Institutes at Fort Logan and Pueblo provide inpatient hospitalization for those individuals diagnosed with the most serious mental illnesses and emotional disorders.
- Federal law prohibits federal matching funds from being used to cover the cost of care for Medicaid clients aged 21 through 64 who are patients in an institution for mental diseases (IMD), which includes the Fort Logan and Pueblo Institutes.
- For IMD-excluded patients, the cost of care is primarily paid for by state general funds appropriated to the Institutes.

OUR RECOMMENDATIONS

The Department of Health Care Policy and Financing and the Department of Human Services should develop controls to ensure that Medicaid does not pay any claims for Fort Logan or Pueblo Institute patients who fall under the federal IMD exclusion.

The Department of Health Care Policy and Financing and the Department of Human Services agreed with our recommendation.

EVALUATION CONCERN

We did not find significant or systemic problems related to gaps in Medicaid eligibility for discharged adult civil patients. However, the State is not fully complying with a provision of federal law and related State Medicaid Rules which exclude Institute patients aged 21 through 64 from eligibility for medical assistance.

KEY FACTS AND FINDINGS

- **Medicaid Eligibility Status**
 - We matched admission and discharge data with Medicaid eligibility data for all adult civil patients (i.e., patients aged 21 through 64) who were discharged from the Fort Logan and Pueblo Institutes in Fiscal Year 2011.
 - Only four out of the 497 patients (less than 1 percent) who were Medicaid eligible as of their admission date subsequently lost Medicaid eligibility during their Institute stay and experienced a delay in reestablishing Medicaid eligibility after their discharge.
 - The four patients regained Medicaid eligibility within an average of 4 months (minimum of 1 month and maximum of 11 months) after their discharge.
- **Institution for Mental Diseases (IMD) Exclusion**
 - We analyzed Medicaid claims data for the 41 Medicaid patients aged 21 through 64 who were discharged from the Institutes in Fiscal Year 2011 and who had a length of stay of at least 90 days.
 - We identified a total of about \$76,300 in questioned costs for 288 Medicaid claims that the State inappropriately paid for 36 of the 41 patients we reviewed.
 - All of the claims we identified were for dates of service that fell during the time the patients were inpatients at the Fort Logan or Pueblo Institutes. None of the claims were related to care provided by the Institutes.
 - Questionable claims included about \$64,000 for monthly capitation payments paid to managed care organizations, \$10,200 in claims from alternative care facilities, and \$2,100 in claims from pharmacies.