

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**OHIO RECEIVED MILLIONS
IN UNALLOWABLE
BONUS PAYMENTS**

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Deputy Inspector General
for Audit Services**

**November 2017
A-04-16-08049**

Office of Inspector General

<https://oig.hhs.gov>

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Report in Brief

Date: November 2017

Report No. A-04-16-08049



Why OIG Did This Review

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) directly affects both the Children's Health Insurance Program and Medicaid. Under CHIPRA, Congress appropriated \$3.225 billion for qualifying States to receive bonus payments to offset the costs of increased enrollment of children in Medicaid.

In previous audits of CHIPRA bonus payments in other States, we found millions of dollars in unallowable bonus payments; therefore, we identified CHIPRA bonus payments as a high-risk area. Ohio received \$64.5 million in bonus payments for fiscal years (FYs) 2010 through 2013 (audit period).

Our objective was to determine whether the bonus payments that Ohio received were allowable in accordance with Federal requirements.

How OIG Did This Review

We reviewed the bonus payments that Ohio received for the audit period. Our review focused on verifying the accuracy of enrollment information used in the bonus payment calculations and ensuring that the information complied with Federal requirements. We did not review Ohio's Medicaid eligibility determinations.

Ohio Received Millions in Unallowable Bonus Payments

What OIG Found

Some of the bonus payments that Ohio received for the audit period were not allowable in accordance with Federal requirements. Most of the data used in Ohio's bonus payment calculations were in accordance with Federal requirements. However, Ohio overstated its FYs 2010 through 2013 current enrollment in its bonus requests to Centers for Medicare & Medicaid Services (CMS) because it included individuals who did not qualify because of their basis-of-eligibility (BOE) category. CMS guidance instructed States to include in its current enrollment only individuals whom the State identifies and reports as having a BOE of "child" in the Medicaid Statistical Information System, which are BOE categories 4, 6, and 8. In addition to these three BOE categories, Ohio incorrectly included individuals from other BOEs, such as BOE 2, "Blind and Disabled."

As a result of Ohio's overstated current enrollment numbers, CMS overpaid Ohio \$29.5 million in bonus payments.

What OIG Recommends and Ohio Comments

We recommend that Ohio refund \$29.5 million to the Federal Government.

In written comments on our draft report, Ohio acknowledged that it had included individuals with BOE categories other than 4, 6, and 8 in its current enrollment. However, Ohio did not concur with our findings or recommendation. Ohio said that the current enrollment numbers it submitted to CMS were in accordance with the intent of statutory criteria for the CHIPRA bonus payments. Additionally, Ohio asserted that CMS's approach to limit the baseline enrollment calculation to BOE categories 4, 6, and 8, was erroneous as it effectively disqualifies blind or disabled children from the bonus payment calculation because their BOE of 2 "Blind/Disabled Individual" is excluded. Ohio said that congressional intent was to reward States for increased enrollment of all eligible children, not just nondisabled eligible children.

After review and consideration of Ohio's comments, we maintain that our findings and recommendation are correct. CMS has consistently and reasonably interpreted the statute and explained its approach in addressing Congress's intent. Therefore Ohio's current enrollment should only include individuals from BOE categories 4, 6, and 8.

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INTRODUCTION

WHY WE DID THIS REVIEW

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) directly affects both the Children's Health Insurance Program and Medicaid. Under CHIPRA, Congress appropriated \$3.225 billion for qualifying States to receive performance bonus payments (bonus payments) for Federal fiscal years (FYs) 2009 through 2013 to offset the costs of increased enrollment of children in Medicaid. In previous audits of CHIPRA bonus payments in other States,¹ we found millions of dollars in unallowable bonus payments; therefore, we identified CHIPRA bonus payments as a high-risk area.

We reviewed the bonus payments that Ohio received for FYs 2010 through 2013 because preliminary analysis indicated inconsistencies between the enrollment of children in Medicaid that Ohio reported when requesting bonus payments and the enrollment reflected in the Medicaid Statistical Information System (MSIS) maintained by the Centers for Medicare & Medicaid Services (CMS). Ohio received \$64,535,629 in bonus payments for the FYs we reviewed.

OBJECTIVE

Our objective was to determine whether the bonus payments that Ohio received were allowable in accordance with Federal requirements.

BACKGROUND

The Medicaid Program: How It Is Administered

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements. CMS administers the Medicaid program at the Federal level. Ohio's Department of Medicaid (State agency) administers Ohio's Medicaid program.

Ohio's Medicaid Management Information System and CMS's Medicaid Statistical Information System

Section 235 of the Social Security Amendments of 1972, P.L. No. 92-603, provided for 90-percent Federal financial participation (FFP) for the design, development, or installation and 75-percent FFP for the operation of eligible State mechanized claim processing and information

¹ See Appendix A for details.

retrieval systems. For Medicaid purposes, the mechanized claim processing and information retrieval system is the Medicaid Management Information System (MMIS).

The MMIS is an integrated group of procedures and computer processing operations designed to improve Medicaid program and administrative cost controls, service to beneficiaries and providers, operations of claims control and computer capabilities, and management reporting for planning and control.

Under the Balanced Budget Act of 1997, P.L. No. 105-33, States are required to submit Medicaid eligibility and claim data to CMS through the MSIS. The purpose of the MSIS is to collect, manage, analyze, and disseminate information on eligibility, beneficiaries, utilization, and payment for services covered by State Medicaid programs. CMS uses MSIS data to produce Medicaid program characteristics and utilization information. Some of the information that States report for Medicaid-eligible individuals are age, race, sex, and basis of eligibility (BOE).

Bonus Payments

CHIPRA, P.L. No. 111-3, directly affects both the Children's Health Insurance Program under Title XXI of the Social Security Act (the Act) and Medicaid under Title XIX of the Act. Under CHIPRA, qualifying States may receive bonus payments for FYs 2009 through 2013 to offset the costs of increased enrollment of children in Medicaid. A State is eligible for a bonus payment if it increased its current enrollment of qualifying children (current enrollment) above the baseline enrollment of qualifying children (baseline enrollment) for a given year as specified in CMS guidance. A State must also have implemented at least five of the Medicaid enrollment and retention provisions specified in CHIPRA.

CMS is responsible for determining whether a State meets the requirements to receive a bonus payment and, if so, the amount of a State's bonus payment. CMS makes its determinations, in part, on the basis of Medicaid enrollment information that the State provided in its requests for bonus payments. The State agency requested the bonus payments that Ohio received for FYs 2010 through 2013. Appendix B contains the details of Ohio's current enrollment calculations for these FYs.

HOW WE CONDUCTED THIS REVIEW

We reviewed the bonus payments that Ohio received for FYs 2010 through 2013 (audit period), totaling \$13,127,633, \$20,819,999, \$18,966,255, and \$11,621,742, respectively. Our review focused on verifying the accuracy of enrollment information used in the bonus payment calculations and ensuring that the information complied with Federal requirements. We neither assessed the State agency's internal control structure beyond what was necessary to meet our objective nor reviewed the State agency's determinations of Medicaid eligibility. Also, we did not review whether the State agency successfully implemented at least five of the Medicaid enrollment and retention provisions because we determined that there was a low risk of noncompliance.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C contains the details of our scope and methodology, and Appendix D contains the Federal requirements related to bonus payments.

FINDINGS

Some of the bonus payments that Ohio received for the audit period were not allowable in accordance with Federal requirements. Most of the data used in Ohio's bonus payment calculations were in accordance with Federal requirements. However, the State agency overstated its FYs 2010 through 2013 current enrollment in its bonus requests to CMS because it included individuals who did not qualify because of their BOE code. As a result, CMS overpaid Ohio \$29,524,741 in bonus payments.

THE STATE AGENCY DID NOT CALCULATE CURRENT ENROLLMENT IN ACCORDANCE WITH FEDERAL REQUIREMENTS

The State agency reported CHIPRA current enrollments of 1,149,615, 1,202,668, 1,227,758, and 1,211,813 for FYs 2010 through 2013, respectively. According to CMS guidance,² a State should calculate CHIPRA current enrollment using the same State institutional data sources, such as the State's MMIS, that it uses for reporting under the MSIS.

Furthermore, the State's current enrollment should include only individuals whom the State identifies and reports as having a BOE of "child" in the MSIS. Specifically, CMS guidance defines BOE codes of "child" as follows:

- Code 4: Child (not Child of Unemployed Adult, not Foster Care Child);
- Code 6: Child of Unemployed Adult (optional); and
- Code 8: Foster Care Child.

CMS established this guidance to ensure that States consistently used the same information and basis (i.e., BOE codes) that CMS uses to develop States' baseline enrollment.³

² CMS, State Health Official (SHO) Letter #09-015, CHIPRA #10, and CMS email to State agency on December 12, 2011.

³ The baseline enrollment level for a State uses a formula that includes such factors as the levels of qualifying children under the Medicaid program and various adjustment factors that account for population growth.

The State agency correctly used the same State institutional data source to calculate its current enrollment that it used for MSIS reporting. However, the State agency did not follow CMS guidance to include in its CHIPRA current enrollment only individuals with a BOE of “child” in the MSIS. In addition to the above three BOE categories, the State agency incorrectly included individuals from other BOEs, such as BOE code 2, “Blind and Disabled,” in its reports of CHIPRA current enrollments to CMS, which inflated its current enrollment numbers. Had it followed Federal requirements, the State agency would have reported the current enrollment for FYs 2010 through 2013 as depicted in Table 1.

Table 1: Ohio Medicaid Enrollment

Current Enrollment⁴	FY 2010	FY 2011	FY 2012	FY 2013
State-reported number	1,149,615	1,202,668	1,227,758	1,211,813
OIG-calculated number	1,108,690	1,161,979	1,191,834	1,177,962
Overstatement	40,925	40,689	35,924	33,851

OHIO RECEIVED MORE THAN \$29.5 MILLION IN UNALLOWABLE BONUS PAYMENTS

CMS calculated excessive CHIPRA bonus payments to Ohio because the State agency overstated its CHIPRA current enrollments for FYs 2010 through 2013. (See Table 1.) As a result, Ohio received unallowable bonus payments of \$5,538,872, \$10,792,021, \$8,429,083, and \$4,764,765 for FYs 2010 through 2013, respectively. We recalculated the bonus payments using the correct CHIPRA current enrollments for these FYs and found that Ohio should not have received a total of \$29,524,741 in bonus payments for the FYs reviewed (Table 2).

Table 2: Ohio Bonus Payments

	FY 2010	FY 2011	FY 2012	FY 2013	Total
Bonus payment received	\$13,127,633	\$20,819,999	\$18,966,255	\$11,621,742	\$64,535,629
Correct bonus payment	7,588,761	10,027,978	10,537,172	6,856,977	35,010,888
Bonus Payment Not Allowed	\$5,538,872	\$10,792,021	\$8,429,083	\$4,764,765	\$29,524,741

⁴ See Appendix B, Tables 3 and 4, for the detail of the State agency’s reported current enrollment numbers and our calculated current enrollment numbers.

RECOMMENDATION

We recommend that the State agency refund \$29,524,741 to the Federal Government.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

STATE AGENCY COMMENTS

In written comments on our draft report, the State agency acknowledged that it had included individuals with a BOE code other than 4, 6, and 8 in its current enrollment. However, the State agency did not concur with our findings or recommendation. The State agency said that the current enrollment numbers it submitted to CMS were in accordance with the intent of statutory criteria for the CHIPRA bonus payments.

Additionally, the State agency asserted that CMS's approach to limit the baseline enrollment calculation to BOE codes 4, 6, and 8 was erroneous, as it effectively disqualifies blind or disabled children from the bonus payment calculation because their BOE of "2 Blind/Disabled Individual" is excluded. The State agency said that congressional intent was to reward States for increased enrollment of all eligible children, not just nondisabled eligible children.

The State agency's comments are included in their entirety as Appendix E.

OFFICE OF INSPECTOR GENERAL RESPONSE

After review and consideration of the State agency's comments, we maintain that our findings and recommendation are correct.

We disagree that the State agency complied with the Federal requirements for the CHIPRA bonus payments when it included individuals with a BOE code other than, 4, 6, and 8 in its current enrollment. The State agency's current enrollment calculations did not follow the same logic and basis that CMS used to develop Ohio's baseline enrollment. As a result, the State agency's approach overstated Ohio's current enrollment because it included enrollment categories not reflected in CMS's calculation of Ohio's baseline enrollment. CMS acknowledged in its 2009 guidance that the listed eligibility categories were "intended to reflect the eligibility categories for which children *might* be covered" (emphasis added)⁵ and specified that BOE codes 4, 6, and 8 associated with "child" were used for developing the baseline enrollment. This same section further states:

We recognize that the FY 2007 baseline enrollment data obtained from MSIS may not represent an exact one-to-one mapping for each of the above statutory eligibility categories. However, as discussed above, the baseline enrollment data

⁵ In October 2009, CMS provided additional guidance to States in a document titled BP-Clarification3.docx.

represents all individuals identified and reported by each State with a BOE of “child”; we believe this approach appropriately addresses the intent of the statute in a way that is operationally feasible.

Under the *Chevron* doctrine, deference is given to an agency’s reasonable interpretation and implementation of a statute that the agency administers.⁶ In its guidance to the State agencies, CMS has consistently and reasonably interpreted the statute and explained its approach in addressing Congress’s intent. Allowing the State agency to include individuals from other BOE categories in its current enrollment counts, when those same BOE categories were not included in the baseline calculations, would result in an artificially inflated estimate of growth in children enrolled in the State’s Medicaid program.

⁶ *Chevron U.S.A. v. Natural Resources Defense Council*, 467 U.S. 837 (1984).

APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

Report Title	Report Number	Date Issued
<i>Colorado Received Millions in Unallowable Bonus Payments</i>	A-04-15-08039	8/11/2016
<i>New Mexico Received Millions in Unallowable Bonus Payments</i>	A-04-15-08040	11/24/2015
<i>North Carolina Received Millions in Unallowable Bonus Payments</i>	A-04-14-08035	7/21/2015
<i>Wisconsin Received Some Unallowable Bonus Payments</i>	A-04-13-08021	3/18/2015
<i>Louisiana Received More Than \$7.1 Million in Unallowable Bonus Payments</i>	A-04-14-08029	7/10/2014
<i>Washington Received Millions in Unallowable Bonus Payments</i>	A-04-14-08028	9/9/2014
<i>Alabama Received Millions in Unallowable Performance Bonus Payments Under the Children's Health Insurance Program Reauthorization Act</i>	A-04-12-08014	8/27/2013

APPENDIX B: CURRENT ENROLLMENT CALCULATIONS

EXPLANATION OF CURRENT ENROLLMENT CALCULATION

In accordance with Federal requirements, the CHIPRA current enrollment for any given FY should be calculated by:

- obtaining the number of qualifying children in every month of the FY,
- summing the monthly count of qualifying children for the FY, and
- dividing the sum for the FY by 12 to obtain the monthly average number of qualifying children for the FY.

STATE AGENCY'S CALCULATION OF FISCAL YEARS 2010 THROUGH 2013 CURRENT ENROLLMENT

The State agency calculated its CHIPRA current enrollments for each of the four FYs (2010 through 2013) using the same enrollment data source that it used for MSIS reporting. However, the State agency used a different methodology from that established in CMS guidance to compile its current enrollment. On the basis of this guidance, a State's CHIPRA current enrollment should include only individuals whom the State identifies and reports as a BOE of "child" when reporting MSIS enrollment data. However, the State agency also included in its CHIPRA current enrollment individuals who were classified as a BOE other than "child," thus overstating its current enrollment numbers. Table 3 outlines the State agency's reported current enrollments.

Table 3: State Agency's Reported Current Enrollments

	Qualifying Children			
	FY 2010	FY 2011	FY 2012	FY 2013
Monthly Average	1,149,615	1,202,668	1,227,758	1,211,813

OFFICE OF INSPECTOR GENERAL'S CALCULATION OF FISCAL YEARS 2010 THROUGH 2013 CURRENT ENROLLMENT

We calculated Ohio's CHIPRA current enrollments by first having State agency officials map the State's MMIS enrollment data into aggregate MSIS BOE categories by month. We then subtracted the aggregate enrollment of nonqualifying BOE codes (e.g., BOE 2) for each year from the current enrollment the State agency reported. Table 4 outlines our calculated current enrollments.

Table 4: OIG Calculated Current Enrollments

	FY 2010	FY 2011	FY 2012	FY 2013
State-reported number	1,149,615	1,202,668	1,227,758	1,211,813
Less non-qualifying BOE individuals	40,925	40,689	35,924	33,851
OIG-Calculated Number	1,108,690	1,161,979	1,191,834	1,177,962

APPENDIX C: AUDIT SCOPE AND METHODOLOGY

SCOPE

We reviewed the bonus payments that the State agency received for FYs 2010 through 2013, totaling \$13,127,633, \$20,819,999, \$18,966,255, and \$11,621,742, respectively. Our review focused on verifying the accuracy of enrollment information used in the bonus payment calculations and ensuring that the information used complied with Federal requirements. We neither assessed the State agency's internal control structure beyond what was necessary to meet our objective nor reviewed the State agency's determinations of Medicaid eligibility. Also, we did not review whether the State agency successfully implemented at least five of the Medicaid enrollment and retention provisions because we determined that there was a low risk of noncompliance.

We performed fieldwork at the State agency offices in Columbus, Ohio, from November 2016 through March 2017.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal requirements;
- held discussions with CMS financial management officials to obtain an understanding of the process that States should follow when requesting bonus payments;
- reviewed CMS's detailed calculations⁷ of Ohio's bonus payments for FYs 2010 through 2013;
- verified supporting documentation for all data elements used in Ohio's bonus payment calculations, including baseline enrollment and projected per capita State Medicaid expenditures;
- conducted a risk assessment of the State agency's noncompliance with Federal requirements;
- met with State agency officials to:
 - discuss the State agency's requests for bonus payments,
 - obtain correspondence between the State agency and CMS,

⁷ Appendix II of CMS, SHO Letter #09-015, CHIPRA #10, describes the data elements, processes, and methodologies for calculating the bonus payments.

- understand the State agency’s methodology for determining the current enrollment reported in its requests for bonus payments, and
- understand the State agency’s process for reporting MSIS enrollment data;
- analyzed the State agency’s documentation supporting its requests for bonus payments;
- reviewed the State agency’s MMIS enrollment data;
- reviewed Ohio’s enrollment and expenditure data from the CMS MSIS State Summary Datamart;
- calculated Ohio’s FYs 2010 through 2013 current enrollment using allowable BOEs;
- recalculated Ohio’s bonus payments using revised data; and
- discussed the results with State agency officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX D: FEDERAL REQUIREMENTS RELATED TO BONUS PAYMENTS

PURPOSE OF THE BONUS PAYMENTS AND BASELINE CALCULATION METHODOLOGY

Section 2105(a)(3) of the Act states that performance bonus payments are intended to offset additional Medicaid and Children’s Health Insurance Program child enrollment costs resulting from enrollment and retention efforts. The payments are made to a State for a FY as a single payment not later than the last day of the first calendar quarter of the following FY.⁸ Additional guidance provided by CMS⁹ requires that payments to qualifying States be made by December 31 of the calendar year (CY) following the end of the FY for which the criteria were implemented. The bonus payments are provided to a State through a grant award.

Section 2105(a)(3)(C)(iii)(I) of the Act states that the baseline number of child enrollees for FY 2009:

is equal to the monthly average unduplicated number of qualifying children enrolled in the State plan under title XIX during FY 2007 increased by the population growth for children in that State from 2007 to 2008 (as estimated by the Bureau of the Census) plus 4 percentage points, and further increased by the population growth for children in that State from 2008 to 2009 (as estimated by the Bureau of the Census) plus 4 percentage points¹⁰

For each of FYs 2010, 2011, 2012, and 2013, the baseline number of child enrollees “is equal to the baseline number of child enrollees for the State for the previous FY under title XIX, increased by the population growth for children in that State from the CY in which the respective FY begins to the succeeding CY (as estimated by the Bureau of the Census)” plus 3.5 percentage points for FYs 2010 through 2012 and 3 percentage points for FY 2013.¹¹

CMS established the baseline enrollment for each State using all of the “MSIS Coding Categories” for which States report individuals under the BOE of “child” in their Medicaid programs. Specifically, these BOEs are identified as BOEs 4, 6, and 8.¹²

⁸ Section 2105(a)(3)(A) of the Act.

⁹ CMS, SHO Letter #09-015, CHIPRA #10.

¹⁰ Enrollment data for FY 2007 were obtained from the MSIS.

¹¹ Sections 2105(a)(3)(C)(iii)(II) and (III) of the Act.

¹² CMS, SHO Letter #09-015, CHIPRA #10.

CMS provided further guidance, which states:

The FY 2007 baseline enrollment data obtained from MSIS may not represent an exact one-to-one mapping for each of the above statutory eligibility categories. However ... the baseline enrollment data represents all individuals identified and reported by each State with a BOE of “child;” we believe this approach appropriately addresses the intent of the statute in a way that is operationally feasible.¹³

CMS GUIDANCE FOR CURRENT ENROLLMENT CALCULATION

In guidance provided to States in October 2009, CMS requested that in reporting their current enrollment, States include a description of the data sources and methodologies they used to appropriately identify individuals with a BOE of “child.”

The instructions relating to the average monthly enrollment for children were reiterated in an email from CMS to the State agency on December 12, 2011. The email stated, *“The same logic and basis that was used for developing the FY 2007 baseline should be used by each State for submitting the average monthly enrollment for children for the current fiscal year for which the bonus payment is being determined”* (original emphasis).

¹³ CMS BP-Clarification3.docx, October 2009.

APPENDIX E: STATE AGENCY COMMENTS



July 6, 2017

Lori Pilcher
Office of Inspector General
Office of Audit Services, Region IV
61 Forsyth Street, SW, Suite 3T41
Atlanta, GA 30303

Dear Ms. Pilcher:

Thank you for the opportunity to respond to the draft report issued by the OIG regarding their review of Ohio's CHIPRA Bonus Payments.

The Ohio Department of Medicaid has reviewed the draft report entitled "Ohio Received Millions of Unallowable Bonus Payments (A-04-16-08049)" from the Department of Health and Human Services Office of Inspector General.

Ohio maintains that the numbers it reported met the intent of the statutory criteria, found in section 2105(a)(3)(C)(iii) of the Social Security Act, which states that the baseline number of child enrollees for performance bonus payments was to be based on "the monthly average unduplicated number of qualifying children enrolled in the State plan under title XIX during fiscal year 2007." According to CMS guidance in SHO #09-015, "Section 2105(a)(3)(F) of the Act defines 'qualifying children' as 'children who meet the eligibility criteria (including income, categorical eligibility, age, and immigration status criteria) under title XIX.'" The guidance further indicates that the approach chosen by CMS, to limit the calculation of FY 2009 Baseline Enrollment to the three MSIS BOE codes associated with Child (4, 6, and 8), "appropriately addresses the intent of the statute in a way that is operationally feasible." The error of this approach is that it effectively disqualifies children who are blind or disabled from the performance bonus payment calculation because their MSIS BOE of "2 Blind/Disabled Individual" is excluded.

The Medicaid Statistical Information System (MSIS) File Specifications and Data Dictionary published by CMS contains a Comprehensive Eligibility Crosswalk which provides information to states regarding how to map eligibility groups defined in the Code of Federal Regulations (CFR) into each Maintenance Assistance Status (MAS)/ Basis of Eligibility (BOE) code pair. Since FFY 1999, CMS has reviewed the codes and definitions proposed for use by each state, as well as each state's eligibility crosswalk, to ensure that MAS/BOE codes were assigned appropriately and consistently. Each state's eligibility crosswalk was approved by CMS prior to the submission of MSIS files. In addition, each quarter of MSIS eligibility data has been reviewed by CMS to ensure that states follow their eligibility crosswalks.

The fact that states have been instructed, and approved to assign, children who meet certain blindness and/or disability criteria to BOE code 2 for MSIS reporting, but were subsequently restricted from using a count of those children in the calculation of CHIPRA performance bonus payments doesn't seem correct for both the word and spirit of the statute. The statutory language which defines "qualifying children" is clear and represents the expressed intent of Congress that performance bonus payments to offset additional Medicaid and CHIP child enrollment costs resulting from enrollment and retention efforts were meant to include all children who meet the eligibility criteria under title XIX, not the artificially limited number of children who could be identified using only the BOE codes of 4, 6, and 8.

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The more accurate, and still operationally feasible, method to identify all qualifying children from the MSIS would have been use of the MSIS Date of Birth field for each individual, from which age is easily computed. This approach would have ensured that all qualifying children were included in the calculation of CHIPRA performance bonus payments, and this method is the one used by Ohio to determine each year's enrollment.

As further confirmation that MAS/BOE coding is insufficient for identification of discrete eligibility categories and specific population groups within the categories, this classification coding system has become obsolete. States were instructed by CMS to cease reporting of MAS/BOE coding for any coverage periods that began on or after January 1, 2014. Instead, individuals determined or re-determined eligible for Medicaid or CHIP on or after that date must be reported to CMS with the new replacement Eligibility Group value, which is the principal eligibility classification code set in the Transformed Medicaid Statistical Information System (T-MSIS).

Additionally, the actual baseline from which the enrollment growth should be calculated when determining the performance bonus payment is not identified in the proposed finding. Appendix D discusses this number (detailed in Section 2105(a)(3) of the Act), but then does not appear to use this calculation in the finding. This creates concern from a methodological perspective. Appendix D further noted: *"The same logic and basis that was used for developing the FY 2007 baseline should be used by each State for submitting the average monthly enrollment for children for the current fiscal year for which the bonus payment is being determined."* Ohio maintains that its methodology remained constant, indicating growth from the baseline. It is not clear that if the FY 2009 baseline were also adjusted whether the relative growth would remain the same (and the bonus remain the same).

Ohio maintains that the numbers submitted are in accordance with the intent of the statute, that its submitted numbers are methodologically consistent, and that the approach selected by CMS for calculation of the performance bonus payments is in opposition to Congressional intent meant to reward states for increased enrollment of all eligible children, not just non-disabled eligible children.

ODM appreciates the OIG's review and recommendations. Thank you for the opportunity to review and provide comments on the draft report. Please let me know if you have questions or need additional information.

Sincerely,



Michelle Horn
Chief Financial Officer
Ohio Department of Medicaid