



Auditor General's Report on Medical Assistance Program Was Flawed and Misleading

The Auditor General recently reported that he believed that the Department of Public Welfare (DPW) authorized Medical Assistance (Medicaid or MA) grants improperly. The Auditor General's report on the Medical Assistance program consisted of a series of flawed and misleading inferences. In truth, the Medical Assistance program efficiently provides life-saving health coverage to Pennsylvania's lowest-income families, children, the elderly, and disabled adults.

- **The Medical Assistance report confused harmless administrative errors with incorrect eligibility determinations.** The Auditor General asserted that the Department of Public Welfare made errors in eligibility determinations for MA applicants that countenanced fraud. However, many of the errors had no bearing on applicants' eligibility. Many of the mistakes were administrative errors, such as data entry problems, that did not affect MA eligibility and had no budgetary impact.
- **The Medical Assistance report identified cases where the recipient was not eligible for one particular category of MA, but may have been eligible for another.** There are over 40 different categories of MA programs, including programs for pregnant women, low-income workers with disabilities, and more. Often, a recipient will move from one category to another if, for example, his income fluctuates. The Auditor General's report failed to account for whether a recipient was placed in an incorrect category, but was eligible for MA in a different category.
- **A more recent audit of Medical Assistance by the federal government found an eligibility determination error rate of 2.0%, much lower than the overall national error rate of 7.6%.** This audit was issued in November 2010 by the U.S. Department of Health and Human Services's Center on Medicaid and Medicare Services (CMS) and used a more accurate and precise methodology.
- **The Auditor General's report set an impossible performance standard in light of the Department of Public Welfare's budget and staff constraints.** Since 2003, DPW has reduced its workforce by 2,800, a reduction of 13%. Meanwhile, the recession-driven caseload has increased 22%, from 1.8 million in 2006 to more than 2.2 million in 2011. The Auditor General's recommendation that caseworkers verify MA recipients' income twice as frequently would create an overwhelming burden for caseworkers at a time when they are given insufficient resources to handle staggering caseloads.