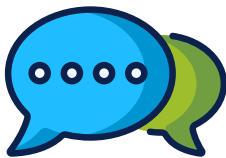




ObamaCare's HPE Opens the Door to Medicaid Fraud

Presumptive eligibility was intended to be a narrow state option for truly needy populations. This allowed states to presume pregnant women, children, and women undergoing breast or cervical cancer treatments eligible for Medicaid before their applications were complete. **ObamaCare expanded this option to include able-bodied adults and mandated that states allow hospitals to do this.** This is known as hospital presumptive eligibility (HPE).

NO VERIFICATION OR ELIGIBILITY CHECKS



Hospitals can determine if an individual is eligible for HPE **based on a verbal response of self-reported income.**



States **cannot stall** an HPE application **to verify income, residency, or even citizenship.**

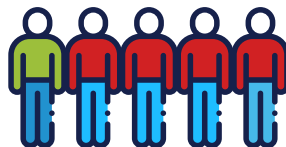


Hospitals **can even submit HPE applications for individuals who are not receiving services**—such as family members and visitors.

HPE RESULTED IN MASSIVE MEDICAID FRAUD



Data provided by state Medicaid agencies show that in 2018, only 30 percent of those deemed presumptively eligible were verified and enrolled into Medicaid—**70 percent were ineligible or did not apply** for Medicaid later.¹



In California, nearly **four out of five individuals** deemed presumptively eligible **were either ineligible for Medicaid or did not apply.**²

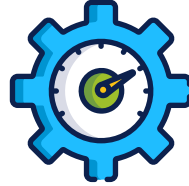


Indiana expanded its HPE policies to include more than hospitals, and **only 25 percent of those deemed eligible were later verified** as actually eligible for Medicaid.³

OBAMACARE PERPETUATES HPE FRAUD



Federal rules **suggest two primary performance standards for states**, but do not require them.



The only requirement is that **if states implement performance standards, they must enforce them.**



ObamaCare has made it **virtually impossible to remove hospitals with poor performance standards.**

TAXPAYERS CANNOT RECOUP FUNDS FROM IMPROPER SPENDING



Every improper HPE determination represents **two months of taxpayer-funded Medicaid** that cannot be spent on the truly needy.



In traditional Medicaid, the state and federal government **typically have paths to recover improper spending of funds.**



States are forbidden from collecting overpayments from hospitals that make incorrect HPE determinations.

BOTTOM LINE



Wisconsin should **implement a “three strikes and you’re out” policy** to handle hospitals that frequently qualify those who are ineligible.



This would **improve program integrity** and start closing the door to Medicaid fraud.



Such a move would also **help truly needy Wisconsinites** stay at the front of the line.

SOURCES:

1. Sam Adolphsen and Jonathan Bain, “Eligible for welfare until proven otherwise: How hospital presumptive eligibility pours gasoline on the fire of Medicaid waste, fraud, and abuse,” Foundation for Government Accountability (2020), <https://thefga.org/paper/hospital-presumptive-eligibility/>.
2. Ibid.
3. Ibid.