

REPORT HIGHLIGHTS



September 2026 | OAS-25-04-114

South Carolina Did Not Report Approximately \$108.6 Million of the Federal Share of Medicaid and CHIP Collections Subject to the Increased COVID-19 Federal Medical Assistance Percentage

Why OIG Did This Audit

- Collections of Medicaid and Children's Health Insurance Program (CHIP) expenditures (e.g., overpayments recovered, refunds, and similar receipts) reduce the net reported expenditures and therefore decrease the amount of Federal funding that States receive for the quarter. CMS instructs States to compute the Federal share of the collections at the Federal Medical Assistance Percentage (FMAP) at which the original expenditures were reimbursed or the FMAP in effect at the time the refund was received.
- In response to the COVID-19 pandemic, Congress temporarily increased States' Medicaid FMAPs by 6.2 percentage points and CHIP FMAP by 4.34 percentage points.
- A previous OIG audit determined that some States retained the difference between the Federal share of collections calculated at the increased FMAP authorized by the Families First Coronavirus Response Act and the Federal share calculated at the regular FMAP. The audit recommended that CMS recoup \$61.8 million in Medicaid overpayments.
- This audit examined whether South Carolina accurately calculated and reported the Federal share of collections subject to the increased COVID-19 FMAP.

What OIG Found

South Carolina did not accurately calculate and report the Federal share of approximately \$108.6 million in collections subject to the increased COVID-19 FMAP during our audit period.

What OIG Recommends

We made four recommendations to South Carolina, including that it adjust its future CMS reports and refund the Federal share of approximately \$108.6 million in underreported collections, including \$8.6 million associated with collections it received during the first quarter that the increased COVID-19 FMAP applied. We also recommended South Carolina develop and implement written policies and procedures to report the amounts supported by its accounting records and appropriately calculate the Federal share during periods with unexpected or retroactive FMAP changes. The full recommendations are in the report.

South Carolina concurred with three of our recommendations and detailed steps it has taken and plans to take in response to our recommendations.