HHS Office of Inspector General

REPORT HIGHLIGHTS

September 2026 | OEI-07-25-00140

North Carolina Medicaid Fraud Control Unit: 2025 Inspection

OIG administers the Medicaid Fraud Control Unit (MFCU or Unit) grant awards, annually recertifies each Unit, and oversees Units' compliance with the requirements of the grant and adherence to established performance standards that reflect practices identified by OIG and MFCUs that will improve Unit effectiveness. As part of this oversight, OIG conducts periodic inspections of Units and issues public reports of its findings.

North Carolina MFCU Case Outcomes

With an average staff size of 48 during the review period, FY 2022 through FY 2024, the Unit reported:

16 Indictments

26 Convictions

41 Civil Settlements and Judgments

$98,507,530 Total Recoveries

Performance Assessment

PERFORMANCE STANDARD	FINDINGS	RECOMMENDATIONS
PERFORMANCE STANDARD 2 **Staffing**	• The Unit was understaffed during the review period. • Difficulties retaining staff and filling vacancies led to challenges opening cases and case reassignments.	Build upon its efforts to attain sufficient staffing by recruiting and retaining qualified staff and minimizing case disruptions during staffing shortages.
PERFORMANCE STANDARD 8 **Cooperation With Federal Authorities**	• The Unit lacked procedures for making referrals to Federal partners. • The Unit did not engage in consistent case deconfliction with OIG agents.	Update policies and procedures to establish processes for sharing referrals and engaging in consistent deconfliction of cases with Federal partners including OIG and the U.S. Attorney's Office.
PERFORMANCE STANDARD 11 **Fiscal Control**	• The Unit had limited access to a Statewide accounting system to reconcile expenses. • The accounting system had coding errors. • There were communication delays and challenges.	Develop and implement a plan with the North Carolina Department of Justice financial office to support robust fiscal controls.
PERFORMANCE STANDARD 12 **Training**	• The Unit lacked training plans for auditors and investigators and lacked a minimum number of training hours for investigators. • The Unit did not make sure staff met other training requirements.	Update its training requirements for auditor and investigator staff and verify that all staff meet the Unit's training requirements.

The North Carolina Unit concurred with the first, third, and fourth of our recommendations and did not explicitly concur or non-concur with our second recommendation.