

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**MASSACHUSETTS MADE CLAIM  
ADJUSTMENTS IN ACCORDANCE WITH  
FEDERAL TIME LIMIT REGULATIONS**

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# *Office of Inspector General*

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## INTRODUCTION

### WHY WE DID THIS REVIEW

A previous Office of Inspector General review<sup>1</sup> found the Massachusetts Executive Office of Health and Human Services, MassHealth (State agency), did not always use the correct Federal Medical Assistance Percentages (FMAPs) when processing claim adjustments reported on the Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form CMS-64). During the review, we identified claim adjustments that exceeded the time limit to claim payment for expenditures. We, therefore, conducted this review of the State agency's claim adjustments reported on the Form CMS-64 that exceeded the time limit to claim payment for expenditures.

### OBJECTIVE

Our objective was to determine whether the State agency reported claim adjustments on the Form CMS-64 in accordance with Federal regulations pertaining to the time limit to claim payment for expenditures.

### BACKGROUND

#### Medicaid Program

The Medicaid program provides medical assistance to certain low-income individuals and individuals with disabilities (Title XIX of the Social Security Act (the Act)). The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the 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. In Massachusetts, the State agency administers the Medicaid program.

#### Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program

The Form CMS-64 is the accounting statement that a State agency must submit each quarter under Title XIX of the Act (42 CFR § 430.30(c)). The Form CMS-64 shows the disposition of Medicaid funds for the quarter being reported and the previous fiscal years, any recoupment made or refunds received, and income earned on Medicaid funds.

The State agency uses the Form CMS-64 to make adjustments for any identified overpayment or underpayment. The State agency makes adjustments for a variety of reasons, including correcting inaccurate provider billings and retroactive changes in provider payment rates.

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<sup>1</sup> *Massachusetts Did Not Always Make Correct Medicaid Claim Adjustments* (A-01-13-00003, September 2014). Available online: [oig.hhs.gov/oas/reports/region1/11300003.asp](http://oig.hhs.gov/oas/reports/region1/11300003.asp)

## **Time Limit for Claiming Payment for Expenditures**

The Federal Government pays a State agency for expenditure only if the claim is filed within 2 years after the calendar quarter in which the expenditure was made. The time limit does not apply to any claim for an adjustment to prior year costs, any claim resulting from an audit exception, any claim resulting from a court-ordered retroactive payment, or any claim for which the Secretary decides there was good cause for the State not filing it within the time limit.<sup>2</sup> Furthermore, the CMS *State Medicaid Manual* states that the exceptions for an adjustment to prior year costs and adjustments resulting from an audit exception apply only to public providers.<sup>3</sup>

## **HOW WE CONDUCTED THIS REVIEW**

For the period October 2008 through December 2010, we reviewed 209,167 claim adjustments totaling \$9,100,241 (Federal share) to determine whether the State agency reported claim adjustments on the Form CMS-64 in accordance with Federal regulations pertaining to the time limit to claim payment for expenditures.

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.

The appendix contains the details of our audit scope and methodology.

## **RESULTS OF REVIEW**

The State agency reported 209,167 claim adjustments, totaling \$9,100,241 Federal share, on the Form CMS-64 in accordance with Federal regulations pertaining to the time limit to claim payment for expenditures. Accordingly, this report contains no recommendations.

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<sup>2</sup> 45 CFR § 95.7 and 45 CFR § 95.19.

<sup>3</sup> Public providers are those that are owned or operated by a State, county, city, or other local government agency or instrumentality. Private providers are providers that fall outside the direct control of government.

## **APPENDIX: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

For the period from October 2008 through December 2010, we reviewed Medicaid claim adjustments reported on the Form CMS-64 that exceeded the time limit to claim payment for expenditures. We limited our review of internal controls to obtaining an understanding of the State agency's procedures for performing claim adjustments and reporting the adjustments on the Form CMS-64.

We performed fieldwork from November 2014 through May 2015 at the State agency in Boston, Massachusetts.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- interviewed officials from the State agency;
- identified 975,254 individual adjustments totaling \$26,286,924 Federal share reported on the Form CMS-64 that exceeded the time limit to claim payment for expenditures;
- judgmentally selected 209,167 claim adjustments totaling \$9,100,241 Federal share for review;
- determined the adjustment reasons for making 209,167 claim adjustments totaling \$9,100,241 Federal share;
- verified 209,167 claim adjustments totaling \$9,100,241 Federal share were made in accordance with Federal regulations pertaining to the time limit to claim payment for expenditures; and
- informed State agency officials of the results of our review.

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.