

Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Review

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) directly affects both the Children's Health Insurance Program and Medicaid. Under CHIPRA, Congress appropriated \$3.225 billion for qualifying States to receive performance bonus payments (bonus payments) for Federal fiscal years (FYs) 2009 through 2013 to offset the costs of increased enrollment of children in Medicaid.

In audits of CHIPRA bonus payments to individual States, we identified millions in unallowable bonus payments. Therefore, we determined that the CHIPRA bonus payments were a high-risk program area and that the combined findings of our audits should be considered by Centers for Medicare & Medicaid Services (CMS) officials when implementing any similar programs in the future.

Our objectives were to summarize the results of our previous audits of CMS's CHIPRA bonus payments to States and to identify any weaknesses that could affect similar programs in the future.

How OIG Did This Review

We reviewed the CHIPRA bonus payments, totaling more than \$645 million, that CMS paid to 12 States. This report combines the results of those 12 previously issued audits and provides additional feedback to CMS.

CMS Paid Over \$277 Million in Unallowable CHIPRA Bonus Payments Based on Incorrect Enrollment Data

What OIG Found

This report summarizes results from prior audits. Our previous audits of CHIPRA bonus payments identified over \$277 million in unallowable payments from \$645 million that CMS paid to 12 States. These unallowable payments represented approximately 43 percent of all bonus payments made to these States. CMS has taken significant action to recover these overpayments. Three States voluntarily returned overpayments totaling approximately \$37 million to CMS, and CMS withheld almost \$51 million from States with unspent bonus payment funds. Additionally, CMS issued letters to States initiating recovery of the remaining \$189 million in unallowable payments our audits identified.

These unallowable payments occurred because the 12 States made errors when calculating their enrollment, which resulted in CMS calculating and paying excessive CHIPRA bonus payments. Additionally, CMS did not have access to accurate State data in time to make correct bonus payments and did not use these data once they became available to verify the accuracy of the current enrollment that the States reported for their bonus payments.

What OIG Recommends and CMS Comments

We recommend that CMS continue to work with States to collect the remaining \$189 million in unallowable payments from the over \$277 million that we identified in 12 previously issued reports and consider the results of these reviews when designing internal controls for similar programs to ensure that timely and accurate data are available for adequate oversight, followup, and verification.

In written comments on our draft report, CMS concurred with our recommendations and described actions it has taken or plans to take to address them.