Wisconsin Did Not Report and Refund the Full Federal Share of Medicaid-Related Settlements and a Judgment

What OIG Found
Wisconsin did not report and return $27.6 million (Federal share) of Medicaid-related settlements and a judgment for the period October 2008 through September 2016. Specifically, it (1) underreported $18.7 million (Federal share) for six settlements and one judgment by computing the Federal share only on the net proceeds received after fees and interest were removed and (2) failed to report any of the $9.0 million (Federal share) for two settlements.

Wisconsin did not properly report the settlements and a judgment because it (1) lacked policies that addressed the reporting of recoveries from State actions taken because of harm to its Medicaid program and (2) did not have procedures to help ensure that it reported recoveries on the Form CMS-64.

What OIG Recommends and Wisconsin Comments
We recommend that Wisconsin (1) refund $27.6 million to the Federal Government; (2) determine whether settlements and judgments received after September 30, 2016, were reported, and refund the Federal share of any recoveries not reported in their entirety; and (3) implement policies to ensure that all settlements and judgments are reported properly.

In written comments on our draft report, Wisconsin considered CMS’s State health official letter regarding the refunding of the Federal share of Medicaid-related settlements or judgments as unlawful and not applicable to the audit. Wisconsin did not concur with the amount to be refunded in our first recommendation because it objected to awarded attorney fees, forfeitures, penalties, and other judgment costs and related interest being included in the amount that it should have reimbursed the Federal Government. Wisconsin accepted the second and third recommendations and stated that they had been implemented.

After reviewing the State agency’s comments, we maintain that our findings and recommendations are valid. During the period of our audit, CMS’s letter was effective in Wisconsin and applied to Wisconsin’s refunding of the Federal share of Medicaid overpayments, damages, fines, penalties, and any other component of a settlement or judgment. We are unsure whether Wisconsin followed our second and third recommendations properly because we consider settlements and judgments to be properly reported when they are in accordance with CMS’s letter.

The full report can be found at https://oig.hhs.gov/oas/reports/region5/51700041.asp.