

## Report in Brief

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



### Why OIG Did This Audit

If Medicaid beneficiaries have another source of health care coverage, that source should pay, to the extent of its liability, before Medicaid pays. Federal regulations refer to this requirement as third-party liability (TPL). Prior Office of Inspector General and other reports indicated longstanding challenges States had in their TPL efforts. This audit of Michigan is similar to those previous audits.

Our objective was to determine whether Michigan reported Medicaid TPL in accordance with Federal requirements.

### How OIG Did This Audit

Our audit covered Medicaid TPL Medicare collections and cost avoidance as reported by Michigan on the States' Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (CMS-64) during the quarters July 1, 2018, through June 30, 2020.

We reviewed Michigan's method for calculating TPL Medicare collections and cost avoidance and determined whether these methods were appropriately applied during selected quarters in Federal fiscal years (FFYs) 2019 and 2020.

## Michigan Did Not Report Calendar Year 2019 Medicaid Third-Party Liability Cost Avoidance Data to the Centers for Medicare & Medicaid Services

### What OIG Found

CMS requires States to identify Medicaid beneficiaries' third-party health coverage and determine the TPL for the services. Michigan did not report Medicaid TPL Medicare cost avoidance for all four quarters in calendar year 2019, totaling \$3.4 billion. Inaccurate amounts reported on the CMS-64 could impact CMS' monitoring and evaluation of the effectiveness of the State's TPL activity.

Michigan said the TPL Medicare cost avoidance was omitted in error because there was no process in place to ensure that the amounts were reported on the CMS-64. This error was corrected, and the full amount was reported on the CMS-64 for the third quarter of FFY 2020. Michigan said it added steps for entering TPL cost avoidance as part of its quarterly preparation checklist that must be completed and reviewed prior to certifying the CMS-64 quarterly reports.

### What OIG Recommends and Michigan Comments

This report contains no recommendations. Michigan provided comments on the draft report.