

Report in Brief

Date: December 2017

Report No. A-06-15-00041

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



Why OIG Did This Review

The Patient Protection and Affordable Care Act of 2010 established the State Balancing Incentive Payments Program (BIPP), which authorized a \$3 billion Federal appropriation over the program's 4-year period. The purpose of the BIPP was to move States' long-term care programs away from institutional care and toward community-based care. We reviewed Texas because it received one of the highest BIPP funding amounts of any participating State.

Our objective was to determine whether Texas spent the additional BIPP Federal funding to provide new or expanded offerings of community-based long-term services and supports in accordance with Federal requirements.

How OIG Did This Review

From October 1, 2012, through June 30, 2016 (BIPP funding period), Texas received \$284.4 million in BIPP funds. We selected eight BIPP projects for detailed review and analyzed supporting documentation for those projects. We traced the expended amounts to reports from the State's computer systems to assess the overall accuracy of the amounts and analyzed the State's methodologies for identifying BIPP expenses.

Texas Did Not Appropriately Spend Some State Balancing Incentive Payments Program Funds

What OIG Found

Texas appropriately spent \$272.4 million of the \$284.4 million in BIPP funds it received. Of the remaining \$12 million, Texas inappropriately spent \$6.3 million for medical service rate increases that did not benefit Medicaid recipients and did not spend \$5.7 million in BIPP funds before the end of the funding period.

Additionally, Texas did not separately track BIPP funds or follow CMS instructions for extending the funding period.

What OIG Recommends and Texas Comments

We recommend that Texas refund \$12 million in BIPP funds that did not benefit Medicaid recipients or that were not spent before the end of the funding period. Additionally, we recommend that, for future grant programs, Texas (1) separately track funds to ensure the funds are not used in violation of applicable statutory restrictions or prohibitions and (2) ensure all grant procedures and requirements are met, including following instructions for extending funding periods.

In written comments on our draft report, Texas did not indicate concurrence or nonconcurrence with our recommendations. Regarding our first recommendation, Texas contends that no refund is due. In expenditure reports subsequent to the report we audited, Texas decreased its BIPP expenditures by the \$6.3 million related to rate increases that did not benefit Medicaid recipients. However, Texas also claimed that it had additional expenditures totaling \$12 million that were recognized after our fieldwork had concluded.

Regarding our second and third recommendations, Texas described steps it has taken to ensure that the accounting system is set up to adequately track grant funds and described its initiative to obtain formal guidance from CMS.

We maintain that our recommendations are valid. Texas recognized that the \$6.3 million for rate increases that did not benefit Medicaid recipients was not an appropriate use of BIPP funds. Additionally, Texas never provided the additional expenditures to us for audit. Therefore, we are unable to render an opinion on their validity.