

Report in Brief

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



Why OIG Did This Audit

The Medicaid Management Information Systems (MMIS) is an integrated group of procedures and computer processing operations designed to meet principal objectives, such as processing medical claims. States report costs related to private MMIS contract services as administrative costs. Generally, the Federal Government reimburses States 50 percent of their administrative costs; however, for certain approved MMIS costs, the Federal Government reimburses 90 percent or 75 percent. States are required to obtain prior approval in an Advanced Planning Document (APD) to receive the higher reimbursement rates.

For Federal fiscal years 2013 through 2017, 10 States claimed more than 50 percent of the total costs related to private MMIS contract services. Arkansas ranked 8th highest.

Our objective was to determine whether Arkansas followed applicable Federal and State requirements related to procuring private MMIS contractor services and claiming Federal Medicaid reimbursement.

How OIG Did This Audit

We reviewed \$84.5 million (\$74.0 million Federal share) in claimed MMIS private contractor costs. We reviewed Arkansas' APDs, supporting invoices, and select contracts' procurement documents.

Almost 15 Percent of Arkansas' Private Contractor Costs Were Either Unallowable or Claimed at Higher Federal Matching Rates Than Eligible, Resulting in Arkansas Inappropriately Claiming \$4.4 Million in Federal Medicaid Funds

What OIG Found

Arkansas followed applicable Federal and State requirements related to procuring private MMIS contractor services and correctly claimed \$72.1 million (\$69.6 million Federal share) in private MMIS contractor costs. However, Arkansas incorrectly claimed the remaining \$12.4 million, or almost 15 percent of its costs. For those costs, Arkansas inappropriately received \$4.4 million in Federal funds.

Arkansas did not have policies and procedures in place to ensure that MMIS private contractor costs were tracked to the correct APDs. Due to the lack of policies and procedures, Arkansas was not able to prevent or detect when it claimed costs that exceeded funding or time-period limits, contractor costs that were not approved, costs that were for programs other than Medicaid, and costs at incorrect matching rates.

What OIG Recommends and Arkansas Comments

We recommend that Arkansas refund the \$4.4 million Federal share to the Federal Government and establish policies and procedures to track its private MMIS contractor costs to APDs and to ensure that it adheres to the funding and time-period limits established in those APDs.

In written comments on our draft report, Arkansas agreed with both of our recommendations, indicating that it would (1) refund \$4.4 million to the Federal Government and (2) establish policies and procedures that will allow it to effectively track costs associated with APDs and to ensure that it adheres to the funding and time-period limits established in the APDs.