

Report in Brief

Date: May 2022

Report No. A-06-20-04004

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



Why OIG Did This Audit

This audit is one of a series of audits to determine whether States had recovered, and returned the correct Federal share of, improper provider claim amounts. For this audit, we focused on Texas' Medicaid Fraud Control Unit (MFCU) actions related to the recoveries of Medicaid overpayments through legal judgments and settlements that the State had pursued under relevant Medicaid fraud statutes. Texas is required to report recoveries for these MFCU-determined Medicaid overpayments to the Centers for Medicare & Medicaid Services (CMS) and to refund the Federal share to the Federal Government.

Our objective was to determine whether Texas reported and returned the correct Federal share of MFCU-determined Medicaid overpayments identified during the period October 1, 2016, through September 30, 2018.

How OIG Did This Audit

We determined that there were 217 cases with MFCU-determined Medicaid overpayments for our audit period and that restitution was owed for 65 cases. We reviewed documentation supporting the reporting of the MFCU-determined Medicaid overpayments and reconciled the overpayments with the corresponding Form CMS-64s. We reviewed Texas' payment documentation to determine whether Texas returned the correct Federal share of its recoveries.

Texas Did Not Report and Return All Medicaid Overpayments for the State's Medicaid Fraud Control Unit Cases

What OIG Found

Texas did not correctly report and return the Federal share of all MFCU-determined Medicaid overpayments identified for the period October 1, 2016, through September 30, 2018. We determined that Texas should have reported MFCU-determined Medicaid overpayments totaling \$24.3 million (at least \$13.9 million Federal share) for the 65 cases with Medicaid restitution during the period that we reviewed. Texas correctly reported \$46,369 (\$26,982 Federal share) in MFCU-determined Medicaid overpayments for 2 of the 65 cases and did not correctly report the remaining 63 cases. For the 63 cases, Texas did not report and return overpayments totaling \$19.0 million (\$11.1 million Federal share) for 26 cases for our audit period. (Texas later returned the Federal share on the fiscal year (FY) 2020 and FY 2021 Form CMS-64s as a result of our audit.) In addition, Texas did not report \$5.2 million (at least \$2.7 million Federal share) for 37 cases within the required timeframe. These issues occurred because Texas did not have adequate internal controls to ensure that it always reported MFCU-determined Medicaid overpayments in accordance with Federal requirements.

What OIG Recommends and Texas Comments

We recommend that Texas (1) report and return the Federal share for the 26 cases, totaling \$19.0 million (\$11.1 million Federal share); (2) strengthen internal controls by developing written policies and procedures, including procedures for recording MFCU-determined Medicaid overpayments, and reconciling case files received from the MFCU with the overpayments recorded in the State agency's accounting system; (3) ensure that it reports all MFCU-determined Medicaid overpayments in accordance with Federal regulations and within regulatory timeframes; and (4) review the MFCU-determined Medicaid overpayments for cases after our audit period to ensure that all overpayments were reported on the Form CMS-64.

In written comments on our draft report, Texas concurred with all of our recommendations. Texas stated that, during the course of our audit, it reported and returned the Federal share of overpayments for the 26 cases, totaling \$19.0 million (\$11.1 million Federal share). In addition, Texas described steps it has taken to address our procedural recommendations.