**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 Medicaid claims amounts and damages. For this audit, we focused on Nebraska’s Medicaid Fraud Control Unit (MFCU) actions related to Medicaid overpayments from legal judgments and settlements that the State had pursued under relevant Medicaid fraud statutes. Nebraska 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 Nebraska reported and returned the correct Federal share of MFCU-determined Medicaid overpayments identified during the period October 1, 2011, through September 30, 2018.

**How OIG Did This Audit**
We worked with Nebraska to identify what portion of 66 MFCU cases, which resulted in MFCU-determined Medicaid overpayments totaling $5.6 million, it reported to CMS for the period October 1, 2011, through September 30, 2018. We obtained legal documents related to MFCU-determined Medicaid overpayments as well as Nebraska’s documentation that supported its reporting of those overpayments to determine whether Nebraska reported the correct Federal share.

**Nebraska Did Not Report and Refund the Correct Federal Share of Medicaid-Related Overpayments for 76 Percent of the State’s Medicaid Fraud Control Unit Cases**

**What OIG Found**
Nebraska did not report and return the correct Federal share of MFCU-determined Medicaid overpayments identified during the period October 1, 2011, through September 30, 2018. Nebraska reported $943,162 ($498,299 Federal share) for this period. However, we determined that Nebraska should have reported MFCU-determined Medicaid overpayments totaling $5.6 million ($3.1 million Federal share) for the 66 MFCU cases that we reviewed. Therefore, Nebraska did not report $4.6 million ($2.6 million Federal share) of MFCU-determined Medicaid overpayments for this period. In addition, Nebraska did not report $595,723 ($311,352 Federal share) in a timely manner. Nebraska did not have adequate policies and procedures to ensure that it always reported MFCU-determined Medicaid overpayments in accordance with Federal requirements.

**What OIG Recommends and Nebraska Comments**
We recommend that Nebraska refund $1.8 million (Federal share) of the unreported MFCU-determined Medicaid overpayments that related to paid claims and that it report and refund up to $781,732 (Federal share) of the unreported MFCU-determined Medicaid overpayments that related to court-ordered awards if and when collected. We also recommend that Nebraska determine the value of overpayments identified after our audit period that have been collected but not reported, report them to CMS, and refund the Federal share of the collected overpayments. We make other recommendations for the improvement of relevant policies and procedures.

Nebraska disagreed with the amount ($2.6 million) in our draft report’s first recommendation and added that it would work with CMS to determine and report the amount owed. Nebraska also said that it would work with CMS regarding overpayments identified after our audit period and that it would improve policies and procedures. Nebraska said that some providers went out of business or were bankrupt and added that it was not reporting or refunding amounts that it had not collected. We revised our recommendations for this final report by narrowing the focus and revising the amount of questioned costs in our first recommendation; by adding a new second recommendation that Nebraska report and refund overpayments related to court-ordered awards; and by clarifying our recommendation that Nebraska determine and report overpayments that occurred after our audit period.

The full report can be found at [https://oig.hhs.gov/oas/reports/region7/71802814.asp](https://oig.hhs.gov/oas/reports/region7/71802814.asp).