

## Report in Brief

Date: August 2020

Report No. A-07-19-03234

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



### Why OIG Did This Audit

Prior OIG audits of State Medicaid agencies that used random moment timestudies (RMTSs) to allocate costs for school-based administrative (SBA) costs determined that States did not always correctly claim Federal Medicaid reimbursement for SBA services. Nebraska, whose SBA costs we have not previously audited, uses RMTSs to allocate those costs.

Our objective was to determine whether SBA costs that Nebraska claimed for Medicaid reimbursement for the school-year quarters from September 1, 2014, through August 31, 2017 (audit period), were reasonable and adequately supported in accordance with the terms of the State Medicaid plan and applicable Federal and State requirements.

### How OIG Did This Audit

Nebraska entered into contractual agreements with two contractors that managed an RMTS and determined the SBA costs for which Nebraska claimed Federal reimbursement. School district employees who performed SBA activities (participants) responded to questions by explaining the activities they were performing at a specific time (RMTS responses); the contractors coded those responses to determine how much participant time was Medicaid-reimbursable.

We reviewed RMTS responses and school district financial data to identify and calculate any unallowable Federal reimbursement.

## Nebraska Claimed Unallowable School-Based Administrative Costs Because of Improper Coding of Random Moment Timestudy Responses

### What OIG Found

Not all of the SBA costs that Nebraska claimed for Medicaid reimbursement for the audit period were reasonable, allowable, and adequately supported in accordance with the terms of the State Medicaid plan and applicable Federal and State requirements. Specifically, Nebraska did not correctly calculate and claim SBA costs for Medicaid reimbursement because the contractors incorrectly coded some RMTS responses. Additionally, one contractor incorrectly assigned some participants to the RMTSs. Nebraska claimed and received Federal reimbursement totaling \$25.3 million; however, we determined that the allowable SBA costs were \$12.1 million. Therefore, Nebraska claimed and received \$13.2 million in unallowable SBA costs.

Nebraska claimed these unallowable costs because it did not exercise proper oversight to ensure that contractors followed State requirements when coding RMTS responses and when assigning participants to the RMTSs.

### What OIG Recommends and Nebraska Comments

We recommend that Nebraska refund the \$13.2 million to the Federal Government; review SBA costs claimed after our audit period and refund unallowable amounts; and strengthen oversight of its contractors to ensure that they follow State requirements when coding RMTS responses and when assigning participants to the RMTSs.

Nebraska did not concur with our recommendations and partially disagreed with our findings. For our first recommendation and the associated findings, Nebraska partially disagreed with our finding related to the coding of some RMTS responses and did not address our finding regarding the assignment of some participants to the RMTSs. Nebraska did not concur with our last two recommendations. After reviewing Nebraska's comments, we maintain that our findings and recommendations are valid.