

## Report in Brief

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Report No. A-09-15-02040

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



### Why OIG Did This Review

California provides Medicaid specialty mental health services (SMHS) through county-run managed-care mental health plans (health plans). California reviews a random sample of SMHS claims submitted by each health plan once every 3 years (triennial reviews). From October 2010 through June 2014, California determined that 33 percent of the claims reviewed included services not eligible for Federal reimbursement. However, it collected overpayments only for the SMHS claims it reviewed. Therefore, we conducted this review to estimate the unallowable Federal reimbursement that California claimed for fiscal year (FY) 2014 for SMHS claims that it did not review. At the Federal level, the Centers for Medicare & Medicaid Services administers the Medicaid program.

Our objective was to determine whether California complied with Federal and State requirements when claiming Federal reimbursement for SMHS expenditures.

### How OIG Did This Review

For FY 2014, for service lines totaling \$1.4 billion in Federal reimbursement, we reviewed a stratified random sample of 500 service lines submitted by 43 health plans. (We excluded service lines that were part of California's triennial reviews.) California's medical review staff determined whether the 500 service lines were allowable and, using those results, we estimated the unallowable Federal reimbursement claimed.

## California Claimed Millions of Dollars in Unallowable Federal Medicaid Reimbursement for Specialty Mental Health Services

### What OIG Found

California did not always comply with Federal and State requirements when claiming Federal reimbursement for SMHS expenditures. Of the 500 sampled service lines, 411 complied with requirements. However, 89 service lines did not comply with requirements. For the 89 service lines, the services were not supported by documentation that established medical necessity, the services were not supported by a client plan or progress notes, or no SMHS were provided. On the basis of our sample results, we estimated that California claimed at least \$180.6 million in unallowable Federal reimbursement.

California claimed unallowable Federal reimbursement because its oversight was not effective in ensuring that its SMHS claims complied with Federal and State requirements. Although California issued guidance and provided training and technical support to the health plans, the plans continued to report to California unallowable expenditures as allowable expenditures. In addition, although California's triennial reviews were effective in identifying unallowable expenditures, California did not ensure that adequate corrective action was taken. We found repeat deficiencies at some health plans; that is, at least one service line with a similar deficiency to one that California identified in its previous review of the health plan.

### What OIG Recommends and California Comments

We recommend that California (1) refund to the Federal Government \$180.6 million for unallowable Federal reimbursement claimed for SMHS expenditures and (2) strengthen its oversight of the health plans to ensure that SMHS claims comply with Federal and State requirements. The "Recommendations" section in the body of the report lists in detail our recommendations.

California agreed with our second recommendation and provided information on actions that it had taken or planned to take to address our recommendation. However, California disagreed with our first recommendation. California included comments from the health plans with their determinations that some service lines in our sample had supporting documentation and requested that we consider this information before finalizing our recommendations. At our request, California's medical review staff examined the additional information, and we adjusted our findings and the amount of our recommended refund as appropriate.