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OIG'S FIRST AUDIT OF RECOVERY ACT FUNDING FINDS NO DISCREPANCIES

HHS Calculated Increased Federal Medical Assistance Percentages Appropriately

The Department of Health and Human Services (HHS) Office of Inspector General (OIG) announced today the results of its first completed audit related to HHS funds provided under the American Recovery and Reinvestment Act (Recovery Act). The audit found that HHS correctly calculated temporary increases in Medicaid's Federal medical assistance percentages (FMAP) in accordance with Recovery Act requirements.

The Federal Government pays its share of States' Medicaid costs based on HHS' FMAP calculations. The FMAP amounts vary depending on each State's relative per capita income. The Recovery Act provides fiscal relief to States to protect and maintain State Medicaid programs through temporary increases in the FMAPs. These increases are based on multiple factors, including States' average monthly unemployment rates. OIG found that HHS properly calculated the Recovery Act FMAP increases for the 50 States and the District of Columbia for the first two quarters of Federal fiscal year 2009. Because the audit found no discrepancies, OIG made no recommendations to HHS.

"We will continue to monitor HHS Recovery Act funds closely so that taxpayers can be assured that their monies are being expended appropriately," said HHS Inspector General Daniel R. Levinson. "We must help minimize the risks in distributing these substantial funds and maximize the opportunities to prevent waste or abuse before it happens."

The Recovery Act provides an estimated \$87 billion in temporary additional Medicaid funding for the States through 2010. For the first two quarters of fiscal year 2009, the Centers for Medicare & Medicaid Services made available to the States approximately \$15.2 billion in additional Medicaid funding based on the increased FMAPs.

A copy of the audit can be found at: <http://oig.hhs.gov/oas/reports/region9/90900075.pdf>

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