New Mexico Did Not Always Appropriately Refund the Federal Share of Recoveries from Managed Care Organizations

What OIG Found
Of the $374 million in MCO recoveries, New Mexico appropriately refunded the Federal share for $359 million. However, New Mexico underreported the Federal share for the remaining $15 million by $4.4 million as follows:

- $4.3 million because it incorrectly calculated the Federal share of recoveries related to Affordable Care Act (ACA) expansion population payments, which the Federal Government originally matched at 100 percent using the regular Federal medical assistance percentage (FMAP), and
- $118,584 because it did not consider higher FMAPs, such as for Family Planning and Breast and Cervical Cancer, in its Federal share calculations for MCO recoveries of other beneficiary populations’ payments.

Additionally, New Mexico did not perform reconciliations of capitation payments for community based long-term care services as required under its contracts with MCOs. As a result, New Mexico had not made any MCO recoveries related to those long-term care services.

What OIG Recommends and New Mexico’s Comments
We recommended that New Mexico refund to the Federal Government the additional $4.4 million Federal share related to ACA expansion MCO recoveries and MCO recoveries originally claimed at higher FMAPs, such as those for Family Planning and Breast and Cervical Cancer.

We also recommended that New Mexico establish policies and procedures to identify MCO recoveries that were originally claimed at higher FMAPs, perform reconciliations in accordance with its contracts with MCOs, and consider conducting its reconciliations in a more timely manner.

In written comments on our draft report, New Mexico concurred with some but not all of our recommendations. New Mexico agreed to work with CMS to refund the recommended $4.4 million to the Federal Government and to develop an appropriate allocation methodology for MCO recovery reporting. After reviewing New Mexico’s comments, we maintain that our findings and recommendations are valid.

The full report can be found at https://oig.hhs.gov/oas/reports/region6/061809001.asp.