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# **Intergovernmental Coordination: Protecting Medicaid Program Integrity**

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**Presentation for  
2024 National Intergovernmental Audit Forum**

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## Overview

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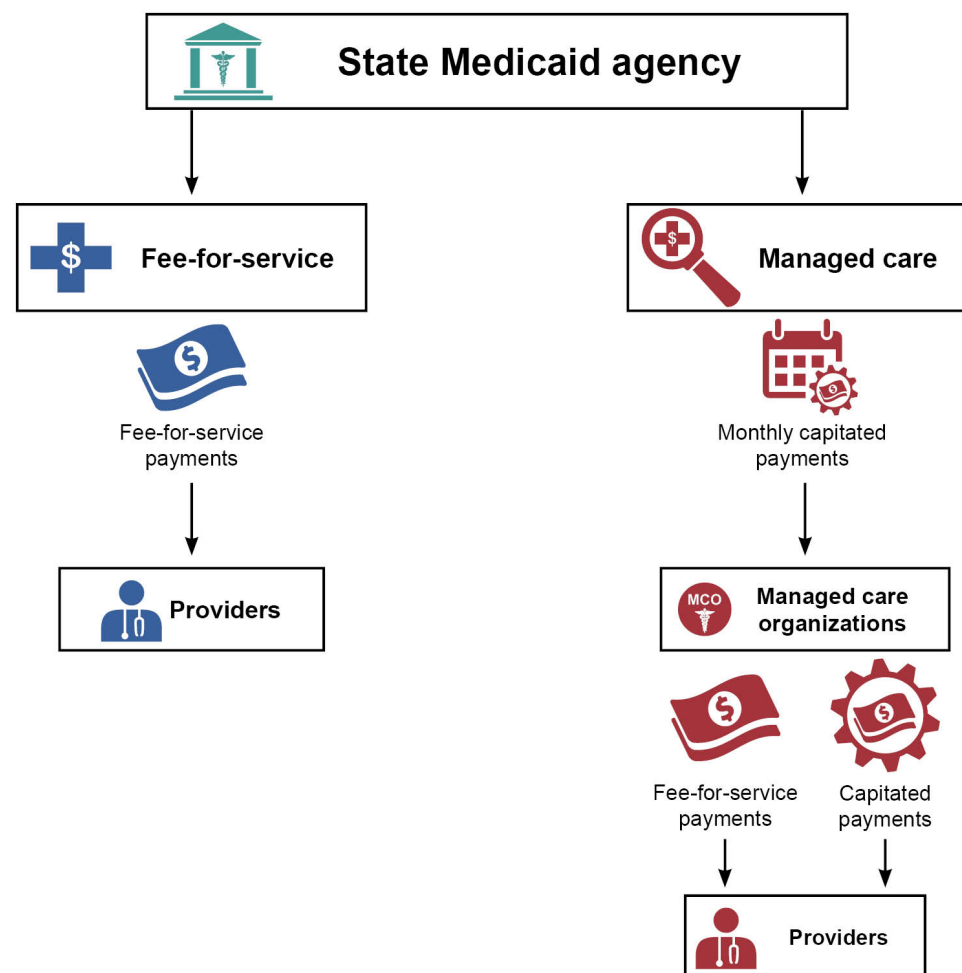
- Background on Medicaid
- Medicaid Improper Payments Measurement and Risk Areas
- CMS Coordination with State Auditors

## Background on Medicaid

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- Health care financing program for low-income and medically needy individuals
- In FY 2023, Medicaid covered approximately 90 million individuals at an estimated cost of \$849 billion to the federal and state governments.
- Medicaid provides a comprehensive set of benefits including physician, inpatient and outpatient hospital care, nursing home care, and home- and community-based services.

# Background on Medicaid: Care Delivery Models



Source: GAO. | GAO-18-528

## Background on Medicaid: Federal-State Partnership

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- Centers for Medicare & Medicaid Services (CMS) provides oversight to ensure compliance with federal requirements
- States are responsible for administering the program on a day-to-day basis
- Medicaid allows significant flexibility for states
- CMS and the states share responsibility for ensuring Medicaid program integrity

# Medicaid Improper Payment Measurement

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- CMS uses a 17-states-per-year, 3-year rotation cycle to annually produce a national improper payment estimate
- Estimates improper payment rates across 3 components:
  - Beneficiary eligibility
  - Fee-for-service (FFS): payments to providers for care delivered to beneficiaries
  - Managed care: payments from state to managed care plans

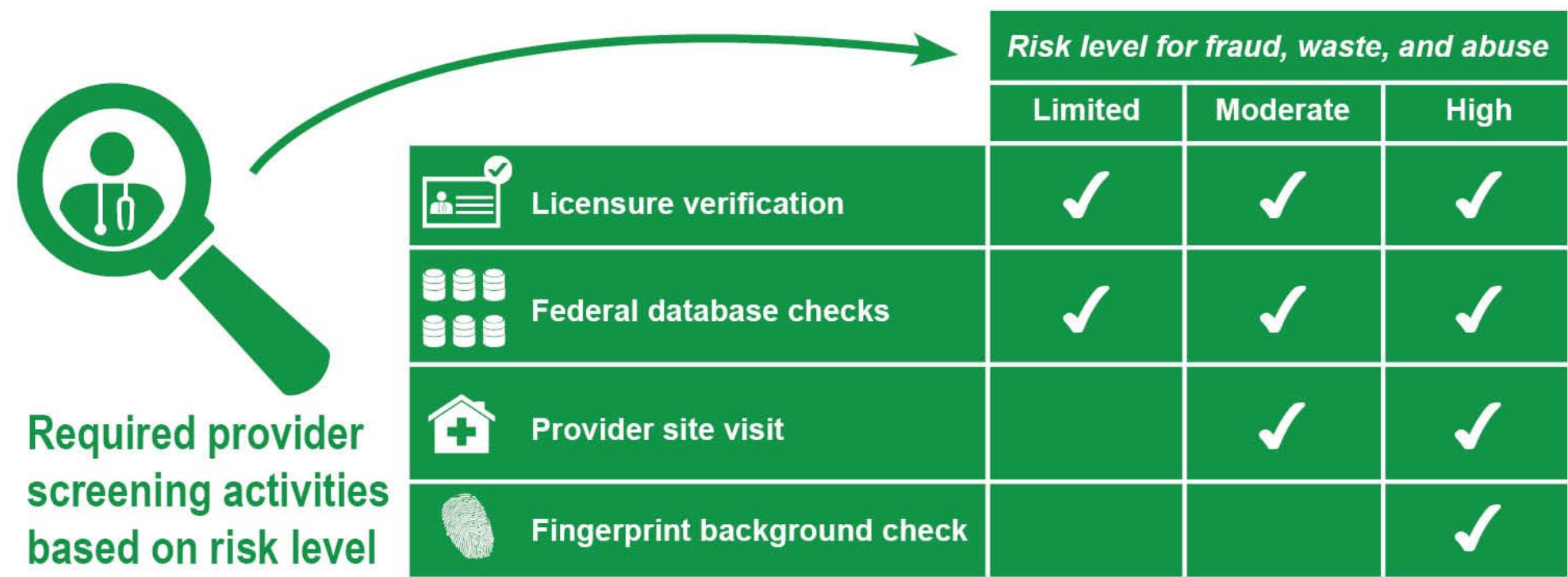
# Risk Area: Beneficiary Eligibility and Enrollment

Frequency of Eligibility Determination Accuracy Issues Identified in Audits		
Accuracy issue	Number of audits	Number of states
Incorrect or incomplete income or asset information	24	13
Eligibility redeterminations not made in a timely manner	20	10
Ineligible individual not disenrolled in a timely manner	14	9
Unresolved income discrepancies	10	7
Individuals enrolled in incorrect basis of eligibility	11	6
Unidentified or unaddressed changes in circumstances	11	5

Source: GAO review of 47 state and federal audits conducted between 2014 and 2018. | GAO-20-157

Risk Area: Payments to Providers





Summary of Provider Screening Activities for Medicaid Enrollment



Source: GAO analysis of Centers for Medicare & Medicaid Services guidance. | GAO-20-8

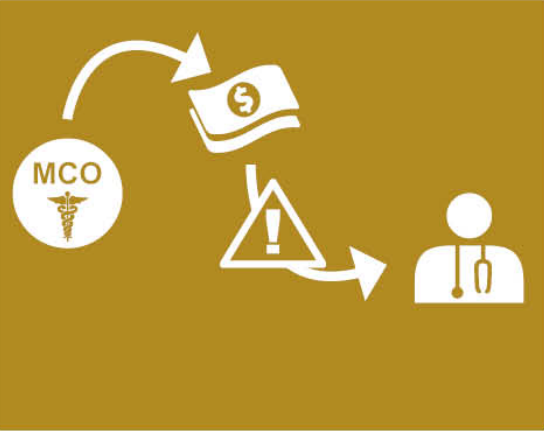
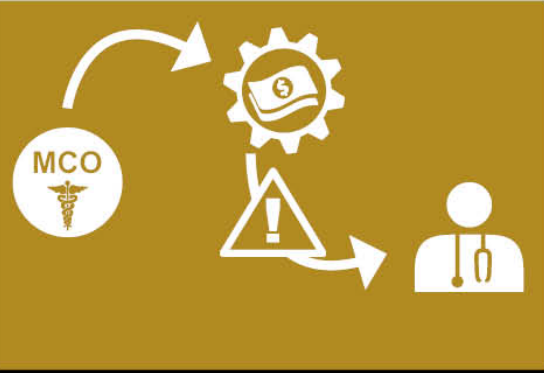


Risk Area: Payment Risks Related to State Medicaid Program Payments to Managed Care Organizations (MCO)

	PAYMENT RISK	GENERAL DESCRIPTION
	Improper state capitation payments	State makes monthly capitation payments to an MCO for beneficiaries who are ineligible for Medicaid, not enrolled in Medicaid or who have died.
	Inaccurate state capitation rates	State establishes capitation rates that are inaccurate, primarily due to issues with the data used to set the rates. <sup>a</sup>
	State payments to noncompliant MCO	State makes monthly capitation payments to an MCO for beneficiaries even though the MCO has not fulfilled state contract requirements. <sup>b</sup>
	Duplicate state payments	State makes duplicate payments—for example, when a health care provider submits a fee-for-service claim to the state Medicaid program for services that were covered by the MCO contract.

Source: GAO analysis of audit and other reports. | GAO-18-528

Risk Area: Payment Risks Related to Medicaid Managed Care Organization (MCO) Payments to Providers

	PAYMENT RISK	GENERAL DESCRIPTION
	Incorrect MCO fee-for-service payments	MCO pays providers for improper or false claims, such as claims for services (a) not provided, or provided by ineligible providers, or (b) that represent inappropriate billing, such as billing individually for bundled services or for a higher intensity of services than needed.
	Incorrect MCO capitation payments	MCO pays providers without assurance they have provided needed services. <sup>a</sup>

Source: GAO analysis of audit and other reports. | GAO-18-528

# CMS Coordination with State Auditors

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- How CMS uses
  - States' annual single audits
  - Standalone audits
- State auditor challenges and CMS efforts
- GAO recommendations
  - Recommendation 1: The Administrator of CMS should annually examine state auditors' Medicaid findings to identify trends across states and use this information to inform oversight activities and audit processes.
  - Recommendation 2: The Administrator of CMS should build on the agency's efforts to collaborate with state auditors on Medicaid oversight activities.

## Related GAO Reports

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- *Medicaid Program Integrity: Opportunities Exist for CMS to Strengthen Use of State Auditor Findings and Collaboration*, [GAO-23-105881](#) (Washington, D.C.: September 21, 2023).
- *Medicaid Eligibility: Accuracy of Determinations and Efforts to Recoup Federal Funds Due to Errors*, [GAO-20-157](#) (Washington, D.C.: January 13, 2020).
- *Medicaid Providers: CMS Oversight Should Ensure State Implementation of Screening and Enrollment Requirements*, [GAO-20-8](#) (Washington, D.C.: October 10, 2019).
- *Medicaid Managed Care: Improvements Needed to Better Oversee Payment Risks*, [GAO-18-528](#) (Washington, D.C.: July 26, 2018).
- *Medicaid: CMS Should Take Steps to Mitigate Program Risks in Managed Care*, [GAO 18-291](#) (Washington, D.C.: May 7, 2018).
- *Medicaid: Key Issues Facing the Program*, [GAO-15-677](#) (Washington, D.C.: July 30, 2015).



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