

REPORT HIGHLIGHTS



December 2025 | A-05-24-00019

Illinois Made Unallowable Managed Care Capitation Payments on Behalf of Incarcerated Medicaid Enrollees

Why OIG Did This Audit

- Illinois pays managed care organizations to make services available to eligible Medicaid enrollees in return for a monthly fixed payment (capitation payment) for each enrollee.
- Previous audits found that State Medicaid agencies made unallowable capitation payments on behalf of incarcerated Medicaid enrollees.
- We performed this audit to determine whether Illinois made unallowable capitation payments on behalf of incarcerated Medicaid enrollees and to identify the dollar amount of any unallowable capitation payments that were not recovered.

What OIG Found

- Illinois made unallowable capitation payments totaling \$263,186 (\$229,423 Federal share) on behalf of 48 of the 100 incarcerated Medicaid managed care enrollees in our stratified random sample.
- On the basis of our sample results, we estimated that during our audit period Illinois made unallowable capitation payments on behalf of incarcerated Medicaid enrollees totaling at least \$9.5 million (\$8.3 million Federal share).

What OIG Recommends

We made two recommendations to Illinois: that it refund \$8,366,521 (Federal share) for unallowable capitation payments made on behalf of incarcerated Medicaid enrollees and expand its automated process that terminates managed care enrollment to include inmates housed in a non-Illinois Department of Corrections facility.

Illinois accepted our recommendations and detailed steps it plans to take to address them.