REPORT HIGHLIGHTS

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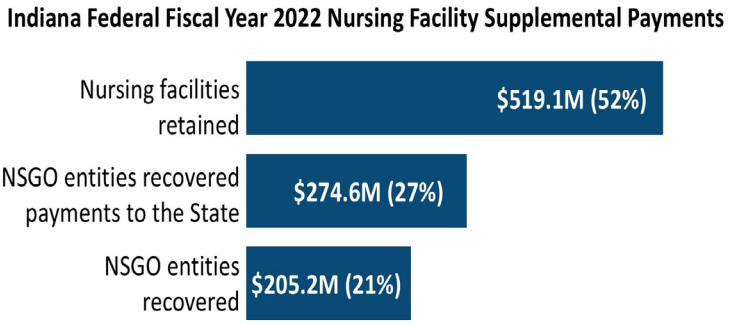
Nursing Facilities Retained Only About Half of the $1.02 Billion Indiana Reported as Nursing Facility Supplemental Payments in Federal Fiscal Year 2022

Why OIG Did This Audit

- Federal oversight of Medicaid supplemental payments has long been a concern because of their complexity, scale, and limited transparency. Indiana reported the most nursing facility supplemental payments in the Nation (approximately $1.02 billion of the $2.36 billion in total payments) during Federal fiscal year (FFY) 2022. Medicaid supplemental payments are Medicaid payments to providers that are separate from, and in addition to, the payments for services rendered to people enrolled in Medicaid.
- We conducted this audit to: (1) describe how supplemental payments were distributed among and used by the State, selected non-State government-owned (NSGO) entities, and the nursing facilities the NSGO entities own and (2) determine whether the payments that Indiana claimed for its supplemental payment program complied with Federal and State requirements.

What OIG Found

- Although Indiana distributed $1.02 billion in supplemental payments, nearly half ($479.8 million) was recovered by NSGO entities rather than benefiting nursing home residents. Of this amount, NSGO entities recovered $274.6 million that they had originally paid as the State's share of supplemental payments. Most notably, they recovered $205.2 million that was not used to increase Medicaid reimbursement for participating nursing facilities as intended.



- In addition, Indiana claimed $12.2 million in Federal payments that did not comply with Federal and State requirements.

What OIG Recommends

We made four recommendations to Indiana, including that it explore ways to increase the portion of Medicaid supplemental payments that participating nursing facilities retain and refund the $12.2 million in excess supplemental payments to the Federal Government. The full recommendations are in the report.

Indiana did not indicate concurrence or nonconcurrence with our recommendations but stated that it will take our first recommendation into consideration and detailed steps it has taken and plans to take in response to our other recommendations.