Report in Brief
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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

Minnesota Medicaid Managed Care Entities Used a Majority of Medicaid Funds Received for Medical Expenses and Quality Improvement Activities

Why OIG Did This Audit

The Secretary of Health and Human Services received multiple letters expressing concerns regarding the oversight of the Minnesota Medicaid managed care program. The concerns included the lack of transparency of the managed care program, the payments made to managed care entities, and the lack of requirements for meeting medical loss ratios (MLRs). An MLR is the percentage of premium dollars spent to provide medical services and health care quality improvement activities.

Our objective was to examine how Minnesota managed care entities use Medicaid funds they receive to provide services to enrollees.

How OIG Did This Audit

We reviewed calendar year (CY) 2017 cost and premium revenue data for eight Minnesota Medicaid managed care entities. Medicaid managed care entities are required to calculate and report an MLR for contracts starting on or after July 1, 2017. For each managed care entity's Medicaid contract, we determined the MLR for the same period and the amount the managed care entities would have had to return to Minnesota if the managed care entities' Medicaid programs were required to meet a minimum MLR of 85 percent.

What OIG Found

During CY 2017, Minnesota managed care entities used the majority of funds received for medical expenses and quality improvement activities. Specifically, of the eight Medicaid managed care entities that we reviewed, we calculated MLRs for their contracted Medicaid programs and found one entity that had an MLR less than 85 percent during CY 2017 for one of its contracts. We determined that the Minnesota Medicaid program could have saved $82,427 (approximately $41,213 Federal share) in CY 2017 if Minnesota: (1) required its Medicaid managed care entities to meet the minimum 85-percent MLR standard for each Medicaid managed care contract and (2) required remittances when Medicaid managed care entities did not meet the MLR standard.

What OIG Recommends and Minnesota Comments

During CY 2017, Minnesota managed care entities used the majority of funds received for medical expenses and quality improvement activities. Further, Minnesota has incorporated a remittance requirement for contracts beginning CY 2018 if MCOs do not meet an MLR of at least 85 percent; therefore, we have no recommendations. Minnesota provided comments on the draft report.