

Report in Brief

Date: August 2023

Report No. A-06-19-09003

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



Why OIG Did This Audit

The Medicaid Management Information System (MMIS) is an integrated group of procedures and computer processing operations designed to meet principal objectives, such as processing medical claims. States report costs related to private MMIS contract services as administrative costs. Generally, the Federal Government reimburses States 50 percent of their administrative costs; however, for certain approved MMIS costs, the Federal Government reimburses 90 percent or 75 percent. States generally are required to obtain prior approval in an Advanced Planning Document (APD) to receive the higher reimbursement rates.

For Federal fiscal years 2013 through 2017, 10 States claimed more than 50 percent of the total costs related to private MMIS contractor services. Texas ranked 2nd highest.

Our objective was to determine whether Texas followed applicable Federal and State requirements related to claiming Federal Medicaid reimbursement for private MMIS contractor costs.

How OIG Did This Audit

We reviewed \$129.3 million (\$97.7 million Federal share) in claimed MMIS private contractor costs. We reviewed Texas' APDs and related supporting documents.

Texas Inappropriately Claimed Nearly \$1.8 Million in Federal Medicaid Funds for Private Medicaid Management Information System Contractor Costs

What OIG Found

Texas followed applicable Federal and State requirements related to claiming Federal Medicaid reimbursement for \$126.8 million (\$96 million Federal share) in private MMIS contractor costs. However, Texas incorrectly claimed the remaining \$2.5 million. For those costs, Texas inappropriately received \$1.8 million in Federal funds.

Texas did not have adequate policies and procedures in place to ensure that MMIS private contractor costs were tracked to the correct APDs. Texas was not able to prevent or detect when it claimed inadequately supported costs, costs allocated to Medicaid using a methodology that was not approved in a Public Assistance Cost Allocation Plan (CAP), costs that were approved for the 50- or 75-percent rate but were claimed at the 90-percent rate, and costs that were claimed twice.

What OIG Recommends and Texas Comments

We recommend that Texas refund the \$1.8 million Federal share to the Federal Government and strengthen or establish policies and procedures to track its private MMIS contractor costs to APDs and ensure that sufficient details are provided on contractors' employee timesheets, costs are allocated to Medicaid based on an approved methodology in the CAP, the Federal match is claimed at the approved rate, and it does not claim costs when it is reimbursed for those costs by other agencies.

In written comments on our draft report, Texas did not directly concur or nonconcur with our findings and recommendations. However, Texas described actions it has taken in response to our finding regarding missing timesheets and recommendation 3, which included updating its policies and procedures effective September 7, 2022, for staff completion and supervisory review of timesheets.

After reviewing Texas' comments, we removed one finding and updated the recommendations based on additional information provided by Texas. Specifically, we reduced the first recommendation for the State to refund the Federal share from \$2,085,829 to \$1,776,003. We maintain that our remaining findings and recommendations are valid.