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

North Carolina Did Not Report and Return All Medicaid Overpayments for the State's Medicaid Fraud Control Unit Cases

Why OIG Did This Audit

This audit is one of a series of audits to determine whether States had recovered, and returned the correct Federal share of, improper provider claim amounts. For this audit, we focused on North Carolina's Medicaid Fraud Control Unit (MFCU) actions related to the recoveries of Medicaid overpayments through legal judgments and settlements that the State had pursued under relevant Medicaid fraud statutes. North Carolina is required to report recoveries for these MFCU-determined Medicaid overpayments to CMS and to refund the Federal share to the Federal Government.

Our objective was to determine whether North Carolina reported and returned the correct Federal share of MFCU-determined Medicaid overpayments identified during the period October 1, 2019, through September 30, 2021.

How OIG Did This Audit

We reviewed 12 cases with MFCU-determined Medicaid overpayments for our audit period. We reviewed documentation supporting the reporting of the MFCU-determined Medicaid overpayments and reconciled the overpayments with the corresponding Forms CMS-64. We reviewed North Carolina's payment documentation to determine whether North Carolina returned the correct Federal share of its recoveries.

What OIG Found

North Carolina did not report and return the Federal share of all MFCU-determined Medicaid overpayments identified for the period October 1, 2019, through September 30, 2021. We determined that North Carolina should have reported MFCU-determined Medicaid overpayments totaling $41.4 million ($27.5 million Federal share) for 12 cases during the period that we reviewed. We found that North Carolina (1) did not report and return $30.4 million ($20.1 million Federal share) for seven cases on the Form CMS-64, (2) did not report $11.0 million ($7.3 million Federal share) for five cases within the required timeframe, and (3) correctly reported and returned $27,033 ($17,834 Federal share) for one case on the Form CMS-64. (One case is included as both late and unreported because this case was partially paid, but the remainder was unreported).

This occurred because North Carolina relied on the MFCU to provide the recovery information and did not have procedures in place to ensure that all MFCU-determined Medicaid overpayment case files were sent to North Carolina from the MFCU. Additionally, the MFCU was unaware that North Carolina was responsible for reporting the overpayments even if payments weren't collected from the providers and therefore did not send the recovery information to North Carolina for cases for which no payments were received.

What OIG Recommends and North Carolina Comments

We recommend that North Carolina (1) report and return the Federal share for the unreported cases, totaling $30.4 million ($20.1 million Federal share); (2) strengthen internal controls by expanding written policies and procedures to include procedures for requesting, recording, and reporting all MFCU-determined Medicaid overpayments within prescribed regulatory timeframes, and ensuring they received all case files; and (3) work with the MFCU to determine the Medicaid overpayments for cases after our audit period and ensure that all overpayments are reported on the Form CMS-64.

In written comments on our draft report, North Carolina concurred with all of our recommendations. North Carolina stated that it will refund the Federal share for the unreported cases on the Form CMS-64 and described steps it will take to address our procedural recommendations.