

Report in Brief

Date: August 2018

Report No. A-04-17-08059

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



Why OIG Did This Review

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) applied to both the Children's Health Insurance Program and Medicaid. Under CHIPRA, Congress appropriated \$3.2 billion for qualifying States to receive bonus payments to offset the costs of increased enrollment of children in Medicaid.

In previous audits of CHIPRA bonus payments in other States, we found millions of dollars in unallowable bonus payments; therefore, we identified CHIPRA bonus payments as a high-risk area. Alaska received more than \$18 million in bonus payments for fiscal years (FYs) 2009 through 2013 (audit period).

Our objective was to determine whether the bonus payments that Alaska received were allowable in accordance with Federal requirements.

How OIG Did This Review

We reviewed the bonus payments that Alaska received for the audit period. Our review focused on verifying the accuracy of enrollment information used in the bonus payment calculations and ensuring that the information complied with Federal requirements. We did not review Alaska's Medicaid eligibility determinations.

Alaska Received Millions in Unallowable Bonus Payments

What OIG Found

Some of the bonus payments that Alaska received for the audit period were not allowable in accordance with Federal requirements. Most of the data used in Alaska's bonus payment calculations were in accordance with Federal requirements. However, Alaska overstated its FYs 2009 through 2013 current enrollment in its bonus requests to the Centers for Medicare & Medicaid Services (CMS) because it included individuals who did not qualify because of their basis-of-eligibility (BOE) category. CMS guidance instructed States to include in their current enrollment only individuals whom the State identifies and reports as having a BOE of "child" in the Medicaid Statistical Information System, which are BOE categories 4, 6, and 8. In addition to these three BOE categories, Alaska incorrectly included individuals from BOE 2, "Blind and Disabled."

As a result of the overstated current enrollment numbers, CMS overpaid Alaska almost \$8.9 million in bonus payments.

What OIG Recommends and Alaska Comments

We recommend that Alaska refund almost \$8.9 million to the Federal Government.

In written comments on our draft report, Alaska confirmed that it included individuals with a BOE code other than 4, 6, and 8 in its current enrollment. However, Alaska did not concur with our findings or recommendation. Alaska said that the current enrollment numbers that it submitted to CMS were in accordance with the intent of statutory criteria for the CHIPRA bonus payments. Additionally, Alaska asserted that it prepared its current enrollment numbers in accordance with CMS guidance and is, therefore, not at fault. Finally, Alaska maintained that it was at a disadvantage because of its records retention schedule for the audit period.

After review and consideration of Alaska's comments, we maintain that our findings and recommendation are correct. CMS has consistently and reasonably interpreted the statute and explained its approach in addressing Congress's intent. Therefore, Alaska's current enrollment should have included individuals from only BOE categories 4, 6, and 8. Furthermore, we allowed Alaska to re-create its current enrollment numbers from its current eligibility database, which resulted in a lower overpayment amount than our initial calculation.