

## Report in Brief

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### 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. Virginia received more than \$60 million in bonus payments for fiscal years (FYs) 2011 through 2013 (audit period).

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

### How OIG Did This Review

We reviewed the bonus payments that Virginia 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 Virginia's Medicaid eligibility determinations.

## Virginia Received Millions in Unallowable Bonus Payments

### What OIG Found

Some of the bonus payments that Virginia received for the audit period were not allowable in accordance with Federal requirements. Most of the data used in Virginia's bonus payment calculations were in accordance with Federal requirements. However, Virginia overstated its current enrollments in its bonus requests to the Centers for Medicare & Medicaid Services (CMS) for FYs 2011 through 2013 because it improperly inflated its current enrollment by a fixed percentage estimate to account for potential retroactive enrollment, instead of using actual enrollment and the adjustment process to account for actual retroactive enrollment. CMS guidance instructed Virginia to calculate current enrollment based on actual enrollment.

As a result of the overstated current enrollment numbers, CMS overpaid Virginia approximately \$13.8 million in bonus payments.

### What OIG Recommends and Virginia Comments

We recommend that Virginia refund approximately \$13.8 million to the Federal Government.

Virginia officials confirmed that they added 7 percent to the State's current enrollment numbers in their bonus requests to CMS for the FYs 2011, 2012, and 2013. However, Virginia officials did not concur with our recommendation. The officials alleged that CMS did not provide adequate guidance and did not validate State-submitted enrollment figures. After review and consideration of Virginia's comments, we maintain that our findings and recommendation are appropriate. As cited in Virginia's comments, CMS provided repeated guidance that States must use the same logic and basis for submitting the average monthly enrollment for children for the current FY that CMS used for developing the FY 2007 baseline. This same guidance clearly describes how CMS determined the FY 2007 baseline. Furthermore, additional CMS guidance specified that current enrollment calculations should be based on actual enrollment. By definition, Virginia's addition of 7 percent to its current enrollment numbers was not a reflection of the State's actual enrollment. The fact that CMS did not notify Virginia that it was submitting inaccurate enrollment calculations does not relieve the State of its responsibility to submit accurate calculations in accordance with published CMS guidelines.