



Highlights of [GAO-13-47](#), a report to the Ranking Member, Committee on Finance, U.S. Senate

Why GAO Did This Study

CMS, within the Department of Health and Human Services, and state Medicaid agencies jointly administer the multibillion-dollar Medicaid program, which finances health care for certain low-income individuals. Medicaid is on GAO's high-risk list because of vulnerabilities to waste, fraud, abuse, and mismanagement. CMS has two data sets that report state Medicaid expenditures. The MSIS data set is designed to report individual beneficiary claims data. The CMS-64 data set aggregates states' expenditures, which are used to reimburse the states for their Medicaid expenditures. However, neither data set provides a complete picture of Medicaid expenditures.

GAO was asked to compare MSIS and CMS-64 data. This report (1) examines the extent to which MSIS and CMS-64 expenditure data differ and (2) where possible, quantifies the identified differences between the two data sets. GAO reviewed documents, compared Medicaid expenditure data, and interviewed CMS and state officials. GAO used fiscal years 2007 through 2009 data—the most-recent and most-complete data available.

View [GAO-13-47](#). For more information, contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov.

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MEDICAID

Data Sets Provide Inconsistent Picture of Expenditures

What GAO Found

Medicaid expenditures in the Medicaid Statistical Information System (MSIS) were generally less than CMS-64 amounts. National expenditures in MSIS were 86, 87, and 88 percent of the amounts in CMS-64 in fiscal years 2007 through 2009, respectively. In fiscal year 2009, MSIS expenditures for states ranged from 59 to 119 percent of CMS-64. Specifically, 40 states reported lower expenditures in MSIS than CMS-64; 5 states and the District of Columbia reported higher expenditures; and 5 states reported similar levels of expenditures.

Total Medicaid Expenditures in MSIS and CMS-64, Fiscal Years 2007-2009

Fiscal year	MSIS expenditures (dollars in billions)	CMS-64 expenditures (dollars in billions)	Difference between MSIS and CMS-64 (dollars in billions)	MSIS as a percentage of CMS-64 expenditures
2007	\$273.9	\$320.1	\$46.1	86%
2008	294.2	338.6	44.4	87
2009	323.1	366.5	43.4	88

Source: GAO analysis of Centers for Medicare & Medicaid Services' data.

Note: MSIS and CMS-64 expenditures were rounded.

GAO was able to quantify some, but not all, of the identified differences in expenditures between MSIS and the CMS-64.

- GAO adjusted MSIS for expenditures that were not attributed to individual beneficiaries—such as prescription drug rebates. These adjustments increased MSIS to 92, 93, and 94 percent of the amounts in CMS-64 in fiscal years 2007 through 2009, respectively.
- GAO could not account for the remaining differences in part because of inconsistencies in the Centers for Medicare & Medicaid (CMS) guidance between the two data sets. For example, CMS officials explained that expenditures for inpatient services as reported by a state in MSIS and as reported in CMS-64 are not necessarily for the same services.

GAO also found that states do not submit timely MSIS information. CMS requires states to submit MSIS data within 45 days and CMS-64 data within 30 days of the end of the quarter. However, states' reporting of MSIS data can be up to 3 years late, whereas CMS-64 data are consistently reported on time. Also, MSIS expenditure data are considered less reliable when compared with CMS-64.

GAO has reported that CMS will need more reliable data for assessing expenditures and measuring performance in the Medicaid program. MSIS and CMS-64 have the potential to offer a robust view of the Medicaid program, enhancing CMS oversight of aggregate spending trends, per beneficiary spending growth, and cross-state comparisons, all of which could be useful in improving the financial integrity of this high-risk program. However, delays in reporting MSIS data and inconsistencies between the two data sets limit their usefulness as oversight tools. CMS has recently completed a pilot study aimed in part at improving the timeliness and consistency of both systems data.

HHS provided technical comments on a draft of this report, which were incorporated as appropriate.