NATIONAL MEDICAID AUDIT PROGRAM

CMS Should Improve Reporting and Focus on Audit Collaboration with States

Why GAO Did This Study

Medicaid, the joint federal-state health care financing program for certain low-income individuals, has the second-highest estimated improper payments of any federal program. The Deficit Reduction Act of 2005 expanded the federal role in Medicaid program integrity, and the Centers for Medicare & Medicaid Services (CMS), the federal agency that oversees Medicaid, established the MIG, which designed the NMAP. Since the NMAP's inception, the MIG has used three different audit approaches: test, MSIS, and collaborative. This report focuses on (1) the effectiveness of the MIG's implementation of NMAP, and (2) the MIG's efforts to redesign the NMAP. To do this work, GAO analyzed MIG data, reviewed its contractors' reports, and interviewed MIG officials, contractor representatives, and state program integrity officials.

What GAO Recommends

GAO recommends that the CMS Administrator ensure that the MIG's (1) update of its comprehensive plan provide key details about the NMAP, including its expenditures and audit outcomes, program improvements, and plans for effectively monitoring the program; (2) future annual reports to Congress clearly address the strengths and weaknesses of the audit program and its effectiveness; and (3) use of NMAP contractors supports and expands states' own program integrity efforts through collaborative audits. HHS partially concurred with GAO's first recommendation commenting that CMS's annual report to Congress was a more appropriate vehicle for reporting NMAP results than its comprehensive plan. HHS concurred with the other two recommendations.

View GAO-12-627. For more information, contact Carolyn L. Yocom at (202) 512-7114 or yocomc@gao.gov.

What GAO Found

Compared to the initial test audits and the more recent collaborative audits, the majority of the Medicaid Integrity Group's (MIG) audits conducted under the National Medicaid Audit Program (NMAP) were less effective because they used Medicaid Statistical Information System (MSIS) data. MSIS is an extract of states' claims data and is missing key elements, such as provider names, that are necessary for auditing. Since fiscal year 2008, 4 percent of the 1,550 MSIS audits identified $7.4 million in potential overpayments, 69 percent did not identify overpayments, and the remaining 27 percent were ongoing. In contrast, 26 test audits and 6 collaborative audits—which used states' more robust Medicaid Management Information System (MMIS) claims data and allowed states to select the audit targets—together identified more than $12 million in potential overpayments. Furthermore, the median amount of the potential overpayment for MSIS audits was relatively small compared to test and collaborative audits.

Number of Audits and Potential NMAP Overpayments and through February 2012
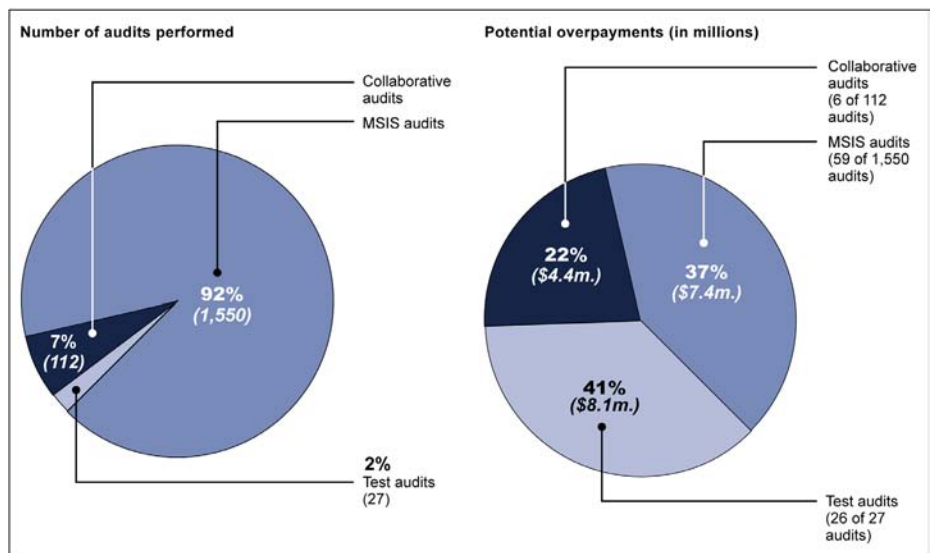
Source: GAO analysis of CMS data.

The MIG reported that it is redesigning the NMAP, but has not provided Congress with key details about the changes it is making to the program, including the rationale for the change to collaborative audits, new analytical roles for its contractors, and its plans for addressing problems with the MSIS audits. Early results showed that this collaborative approach may enhance state program integrity activities by allowing states to leverage the MIG's resources to augment their own program integrity capacity. However, the lack of a published plan detailing how the MIG will monitor and evaluate NMAP raises concerns about the MIG's ability to effectively manage the program. Given that NMAP has accounted for more than 40 percent of MIG expenditures, transparent communications and a strategy to monitor and continuously improve NMAP are essential components of any plan seeking to demonstrate the MIG's effective stewardship of the resources provided by Congress.

_____ **United States Government Accountability Office**