



## Talking Points:

### GAO Report On Medicaid Program Integrity and Managed Care Expenditures

A GAO Report entitled “Medicaid Program Integrity: Increased Oversight Needed to Ensure Integrity of Growing Managed Care Expenditures” was issued on June 18, 2014.

It found that while CMS has largely delegated managed care program integrity oversight activities to states, **it has not updated its program integrity guidance since 2000**. CMS also does not require states to audit managed care payments. **State officials say they need more CMS support**, such as additional guidance and the option to obtain audit assistance from Medicaid integrity contractors.

The report recommends **CMS increase oversight by requiring states to audit payments to and by MCOs**, update its guidance on Medicaid managed care program integrity, **and provide states with additional support for managed care oversight**, such as audit assistance from existing contractors.

- **The report did NOT find improper payments to or by managed care organizations (MCOs)**. This reports on the oversight that CMS conducts in relation to state oversight of Medicaid managed care plans--**not on MMC plan program integrity activities, results or issues**.
- **Safety Net Health Plans take their fiduciary responsibilities seriously**. They undertake a variety of activities to ensure they make appropriate payments, including:
  - **Abiding with specified state contract requirements** related to identification, recovery and reporting of identified overpayments.
  - **Sophisticated data analysis** to identify aberrant billing patterns, utilization, flags and trends.
  - **Internal audit and monitoring units** that continuously monitor operations to ensure policies, procedures and standard operating procedures are being followed, as well as adequately-staffed **Special Investigation Units (SIU)** to address fraud and abuse risks.
  - **Compliance plans** that include an updated risk assessment.
- State monitoring of improper payments may be inconsistent from state to state—but many **do** require independent financial audits of health plan payments.
- GAO did not take into account the efforts of the HHS Office of Financial Management, which audits payments to Managed Care Organizations under the PERM program.
- A previous CMS report found that improper payments in the Medicaid program are equal to 5.8%. The same report indicated that **improper payments to managed care organizations were found to equal only 0.3%**. **The remainder of the 5.8% in improper payments was based on Medicaid FFS and improper payments due to eligibility errors**.
- MCOs are not responsible for payment errors made as a result of inaccurate eligibility determinations, since those determinations are made solely by the states.