

Report in Brief

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



Why OIG Did This Audit

This audit is one of a series of audits to determine whether States had recovered, and returned the correct Federal share of, improper Medicaid claims amounts and damages. For this audit, we focused on Colorado's Medicaid Fraud Control Unit (MFCU) actions related to the recoveries of Medicaid overpayments through legal judgments and settlements that the State had pursued under relevant Medicaid fraud statutes. Colorado is required to report recoveries for these MFCU-determined Medicaid overpayments to the Centers for Medicare & Medicaid Services (CMS) and to refund the Federal share to the Federal Government.

Our objective was to determine whether Colorado reported and returned the correct Federal share of MFCU-determined Medicaid overpayments identified during the period October 1, 2014, through December 31, 2020.

How OIG Did This Audit

We worked with Colorado to identify what portion of 179 MFCU cases, which resulted in MFCU-determined Medicaid overpayments totaling \$23.1 million, it reported to CMS for the period October 1, 2014, through December 31, 2020. We obtained legal documents related to MFCU-determined Medicaid overpayments as well as Colorado's documentation that supported its reporting of those overpayments to determine whether Colorado reported the correct Federal share.

Colorado Did Not Report and Refund the Correct Federal Share of Medicaid-Related Overpayments for 70 Percent of the State's Medicaid Fraud Control Unit Cases

What OIG Found

Colorado did not report and return the correct Federal share of MFCU-determined Medicaid overpayments identified during the period October 1, 2014, through December 31, 2020. Colorado reported \$5.8 million (\$3.1 million Federal share) for this period but should have reported MFCU-determined Medicaid overpayments totaling \$13.0 million (\$6.8 million Federal share) for the 179 MFCU cases that we reviewed. Colorado did not report some or all of the correct Federal share for 126 cases (70 percent of the 179 MFCU cases we reviewed). The unreported funds consisted of \$7.2 million (\$3.7 million Federal share) in amounts related to MFCU-determined Medicaid overpayments and court-ordered awards that Colorado should have already reported. Furthermore, Colorado did not correctly report to CMS MFCU-determined Medicaid overpayments related to fraud, waste, and abuse. Although Colorado had policies and procedures for the reporting of Medicaid overpayments, these policies and procedures were not always adequate to ensure that it always reported MFCU-determined Medicaid overpayments in accordance with Federal requirements.

What OIG Recommends and Colorado Comments

We recommend that Colorado refund \$3.7 million (Federal share) in unreported MFCU-determined Medicaid overpayments that related to paid claims and court-ordered awards that have been recovered and collected. We also recommend that Colorado determine the value of overpayments identified after our audit period that have been recovered and collected but not reported, report them to CMS, and refund the Federal share. We make procedural recommendations for the strengthening of policies and procedures to ensure that overpayments are reported correctly and in a timely manner.

Colorado agreed with the amount of unreported MFCU-determined Medicaid overpayments but disagreed with refunding the overpayments. Colorado said that it would review the cases to ensure that the amounts are not uncollectable and return the applicable Federal share by September 30, 2023. Colorado agreed with our other recommendations and described corrective actions. We disagree that Colorado should wait to report the overpayments; instead, we believe that Federal regulations require Colorado to immediately report the overpayments. For our other recommendations, Colorado should implement corrective actions as soon as possible to ensure that the Federal share of overpayments is reported in a timely and accurate manner.