

Report in Brief

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



Why OIG Did This Audit

The Medicaid “health home” option allows States to create programs that provide care coordination and care management for beneficiaries with chronic health conditions. Health homes are not physical spaces. Rather, they are a healthcare model in which providers work together to coordinate and manage beneficiaries’ care at a reasonable cost.

As of March 2019, North Carolina was among 23 States to receive approval to implement Medicaid health home programs. This audit is one in a series of audits to determine whether States complied with Federal and State requirements when claiming Federal Medicaid reimbursement for payments made to health home providers.

Our objective was to determine whether North Carolina claimed Federal Medicaid reimbursement for health home expenditures in accordance with Federal and State requirements.

How OIG Did This Audit

Our audit covered \$124.6 million (\$112.2 million Federal share) that North Carolina claimed as health home expenditures from October 1, 2011, through September 30, 2013. We removed \$5.4 million in State-estimated amounts and \$5 million in unauthorized amounts to derive our sampling frame of \$114.2 million (\$102.8 million Federal share). From our sampling frame, we selected a stratified random sample of 100 beneficiaries for review, associated with 2,999 payments totaling \$23,676 (\$21,308 Federal share).

North Carolina Received \$30 Million in Excess Federal Funds Related to Improperly Claimed Health Home Expenditures

What OIG Found

North Carolina did not claim Federal Medicaid reimbursement for health home expenditures in accordance with Federal and State requirements. Instead, it improperly claimed \$124.6 million in Primary Care Case Management (PCCM) expenditures, which should have been reimbursed at the regular Federal medical assistance percentage (FMAP) (\$81.5 million Federal share), as health home expenditures, which were reimbursed at the enhanced FMAP (\$112.2 million Federal share). North Carolina did not claim any health home expenditures before or after the enhanced FMAP period for Federal fiscal years 2012 and 2013. Of the 2,999 payments associated with 100 beneficiaries in our stratified random sample, none met all of the requirements for payment identified in North Carolina’s approved State plan amendment for health home services. North Carolina claimed PCCM expenditures as health home expenditures because it did not take certain steps to ensure implementation of the health home option and did not implement internal controls needed to ensure compliance. As a result, North Carolina received \$30.7 million in excess Federal funds.

What OIG Recommends and North Carolina’s Comments

We recommend that North Carolina reclassify \$124.6 million (\$112.2 million Federal share) from health home expenditures to PCCM expenditures and refund \$30.7 million in excess Federal funds to the Federal Government.

In written comments on our draft report, North Carolina agreed with our findings and recommendations and described actions that it plans to take to address them. These actions include working with the Centers for Medicare & Medicaid Services to reclassify the PCCM expenditures and to determine the amount, method, and timing of the refund.