

# Medicaid Contract Audit

The Medicaid Contract Audit (MCA) section is a specialized unit within the Ohio Auditor of State's Office (AOS) focused on protecting the public integrity of Ohio's Medicaid program, which represents a significant portion of the state budget. MCA identifies improper payments made to Medicaid providers and reports noncompliance with federal and state Medicaid rules to reduce fraud, waste, and abuse.

### Types of Engagements

MCA conducts two primary types of engagements:

- **Compliance examinations**, which use Medicaid claims data and statistical sampling to identify overpayments.
- **Agreed-Upon Procedures (AUPs)**, which evaluate provider cost reports and incentive payments, including those under the federal Medicaid Provider Incentive Program for electronic health records.

### Interagency Agreements and Team

Under an interagency agreement with the Ohio Department of Medicaid, MCA performs AUPs on cost reports of intermediate-care facilities for individuals with intellectual disabilities, including developmental centers operated by the Ohio Department of Developmental Disabilities and PASSPORT administrative agencies.

Additionally, through an agreement with the Ohio Department of Developmental Disabilities, MCA conducts AUPs on cost reports for select county boards of developmental disabilities and their associated councils of governments. These agreements support MCA's team of 17 professionals who perform Medicaid-related audits statewide.

### Testing Prioritization and Sampling Approach

At the request of Auditor Faber, MCA increased provider testing by changing its 2019 practice of always extrapolating improper payments when statistically valid (which requires larger sample sizes). Now, MCA reports dollar-for-dollar findings as potential losses based on identified errors in provider compliance examination reports. However, when error rates exceed 50 percent overall or 75 percent within a specific sample, MCA still extrapolates and reports projected improper payments. This change has reduced total reported improper payments but increased provider engagement, which helps deter fraud, waste, and abuse.

### Regulatory Context and Challenges

The Ohio Department of Medicaid (ODM) rarely collects large, extrapolated overpayments, as these often result in lengthy administrative processes including Chapter 119 hearings. ODM permits, but does not require, AOS to use statistical sampling and extrapolation under the interagency agreement. While the CMS Medicaid manual lacks guidance on this topic, the Medicare manual supports extrapolation of error rates above 50 percent.

### **Leadership and Reporting**

MCA has taken a leadership role in Medicaid oversight at the state and national levels, participating in Ohio's Program Integrity workgroups and presenting at national conferences. The section has produced several data-driven reports analyzing Ohio Medicaid compliance and spending on topics such as Ohio Benefits System eligibility, Electronic Visit Verification, Capitation, PARIS Alerts, and a multistate project with the U.S. Department of Health and Human Services on Concurrent Eligibility.

### **Data Sources and Partnerships**

As most Medicaid services are now managed through private plans, MCA obtains much of its data directly from managed care organizations. MCA participates in the Healthcare Fraud Prevention Partnership (HFPP), a voluntary public-private partnership aimed at detecting and preventing healthcare fraud through data sharing. It is also involved in interagency Medicaid integrity groups and is a member of the National Healthcare Anti-Fraud Association.

### **Outlook and Expansion**

With increased staffing, MCA is well-positioned to expand its statewide Medicaid program integrity efforts. However, such expansion may require additional funding, legislative support, and enhanced cooperation from AOS Legal to overcome data access barriers. Increased engagement could replicate successes from other states where auditors have uncovered large-scale systemic payment errors.