

## Summary

### **WHY WE DID THIS STUDY**

This study presents an early assessment of the efforts of Audit Medicaid Integrity Contractors (Audit MIC) to identify overpayments in Medicaid. The combination of this study and a companion study, Early Assessment of Review Medicaid Integrity Contractors (Review MIC), offers insights into the overall effectiveness of Medicaid integrity contractors and the Medicaid Integrity Program. Our objectives were: (1) to determine the extent to which Audit MICs identified overpayments and (2) to describe any issues or barriers that hindered the identification of overpayments.

### **HOW WE DID THIS STUDY**

This study focused on Audit MICs' results for audits assigned between January 1 and June 30, 2010. We reviewed audit assignment data from CMS's Database Audit Report Tracking System and resulting audit reports. We interviewed staff from CMS, Audit MICs, and State Medicaid oversight agencies.

### **WHAT WE FOUND**

Eighty-one percent of audits either did not or are unlikely to identify overpayments. Only 11 percent of assigned audits were completed, with findings of \$6.9 million in overpayments, \$6.2 million of which resulted from seven completed collaborative audits involving Audit MICs, Review MICs, States, and CMS. The remaining audits had not progressed enough to draw conclusions about likely outcomes. Problems with the data used and analyses conducted by Review MICs and CMS to identify audit targets hindered Audit MICs' performance. However, collaborative audits appear to have improved the selection of audit targets and the efficiency of the audit process, leading to better results.

## **WHAT WE RECOMMEND**

We recommend that CMS: (1) increase the use of collaborative audits and (2) improve audit target selection in States that choose not to be involved in collaborative audits. CMS concurred with both recommendations. CMS stated that it has redesigned its approach to audit assignments, instructing Audit MICs to focus on collaborative projects. With respect to our second recommendation, CMS stated that several initiatives are underway to improve audit target selection. First, CMS noted that it is facilitating improved communication among Audit MICs, Review MICs, and States. In addition, CMS is internally evaluating options related to consolidating certain tasks and requirements of Audit and Review MICs. Finally, CMS has efforts underway to improve the quality of data that MICs can access for conducting data analysis.