

Highlights of [GAO-20-147T](#), a testimony before the Subcommittee on Health Care, Committee on Finance, U.S. Senate

## Why GAO Did This Study

Medicaid, a joint federal-state health care program, is one of the nation's largest sources of funding for medical and other health-related services for tens of millions of low income and medically needy individuals. In fiscal year 2018, estimated federal and state expenditures for Medicaid were \$629 billion. The size and complexity of Medicaid make the program particularly vulnerable to improper payments—including payments made for people not eligible for Medicaid.

States have significant flexibility to design and implement their Medicaid programs based on their unique needs. These programs are administered at the state level, overseen at the federal level by CMS, and jointly funded by the states and federal government. The federal government matches most state expenditures for Medicaid services based on a statutory formula. Under the Patient Protection and Affordable Care Act, states have the option to expand their Medicaid programs to cover nearly all adults with incomes at or below 133 percent of the federal poverty level. States that choose to expand their programs receive a higher federal matching rate for the Medicaid expansion enrollees.

This testimony will cover improvements needed to ensure accurate eligibility determinations and focuses on (1) CMS's oversight of Medicaid eligibility and related expenditures; (2) CMS's efforts to improve Medicaid data; and (3) other opportunities to improve oversight and ensure appropriate enrollment. This testimony is generally based on GAO findings and recommendations on the Medicaid program issued from 2015 through 2018, and steps taken to address them through September 2019.

View [GAO-20-147T](#). For more information, contact Carolyn L. Yocom at (202) 512-7114 or [yocomc@gao.gov](mailto:yocomc@gao.gov).

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## MEDICAID ELIGIBILITY

### Accurate Beneficiary Enrollment Requires Improvements in Oversight, Data, and Collaboration

#### What GAO Found

The Centers for Medicare & Medicaid Services (CMS) has taken steps to improve its oversight of the Medicaid program; however, GAO has identified areas where additional actions could improve program oversight and ensure that only eligible individuals are enrolled in the Medicaid program. These actions include closing gaps in oversight of eligibility determinations and related expenses, improving data, and furthering federal-state collaboration.

**Gaps in oversight of Medicaid eligibility determinations and related expenses.** Since 2014, CMS has not estimated improper payments due to erroneous eligibility determinations; it plans to report these estimates in November 2019. GAO found that for fiscal year 2017 Medicaid expansion enrollees accounted for nearly a quarter of all Medicaid enrollees and federal Medicaid expenditures. GAO's prior work has identified gaps in CMS oversight, which affects the federal match. An accurate determination of eligibility is critical to ensuring that only eligible individuals are enrolled, that they are enrolled in the correct eligibility group, and that states' expenditures are appropriately matched with federal funds for Medicaid enrollees. GAO recommended that CMS conduct reviews of federal Medicaid eligibility determinations to ascertain their accuracy and institute corrective actions where necessary, and revise the sampling methodology for reviewing expenditures for the expansion population. CMS concurred with these recommendations, though has since indicated that it will not revise the sampling methodology. We continue to believe that additional steps are needed to fully implement these recommendations.

**Better Medicaid data.** Improvements in Medicaid data could aid program oversight to ensure that only eligible beneficiaries are enrolled. CMS officials acknowledged the need for improved data and cited the Transformed Medicaid Statistical Information System (T-MSIS) initiative as its primary effort—conducted jointly with states—to improve the collection of Medicaid expenditure and utilization data. According to CMS officials, aspects of T-MSIS are designed to broaden the scope and improve the quality of state-reported data, as well as the data's usefulness to states. GAO made a series of recommendations related to T-MSIS. CMS concurred with the recommendations, but some have not been fully implemented, including expediting the use of T-MSIS data for oversight, and outlining a plan and associated time frames for using the data for oversight.

**Further federal-state collaboration needed for oversight and appropriate enrollment.** GAO has previously reported that collaborative activities between the federal government and the states are important to improving oversight of the Medicaid program. CMS has ongoing efforts to engage state agencies and others through a national Medicaid training program for state officials and partnerships to combat Medicaid fraud. Recently, steps were taken to better enable state auditors to audit states' eligibility determinations to ensure beneficiaries qualify for the Medicaid program and are enrolled in the correct eligibility group. GAO has previously suggested that CMS could leverage the unique qualifications of state auditors and help improve program integrity by further providing state auditors with a substantive and ongoing role in auditing state Medicaid programs.