

## Why GAO Did This Study

The size and growth of Medicaid present challenges for both the federal government and states, which share program oversight responsibilities. GAO has identified gaps in CMS's Medicaid oversight. GAO has also reported that CMS could use the work of state auditors, who are independent from their states' Medicaid programs, to help address those gaps.

GAO was asked to examine CMS and state auditor coordination. This report describes state auditors' Medicaid findings and the challenges they face auditing Medicaid. It also examines CMS's use of state auditors' findings and collaboration with auditors. GAO analyzed data on Medicaid single audit findings for fiscal years 2019 through 2021, which was the most recent data available. GAO also reviewed CMS documents and state auditor reports. In addition, GAO interviewed CMS officials and state auditors from seven selected states.

## What GAO Recommends

GAO is making two recommendations to CMS. CMS should (1) use analysis of trends in state auditor findings to inform its oversight; and (2) strengthen its collaboration with state auditors; for example, by sharing information on those trends and the status of actions to address audit findings, and continuing to identify Compliance Supplement updates. The agency said it believes it has already implemented the first recommendation and suggested removing it. GAO maintains that the recommendation is still valid because CMS has not yet used its analysis of trends to inform its oversight. The agency concurred with the second recommendation.

View [GAO-23-105881](#). For more information, contact Michelle B. Rosenberg at (202) 512-7114 or [rosenbergm@gao.gov](mailto:rosenbergm@gao.gov).

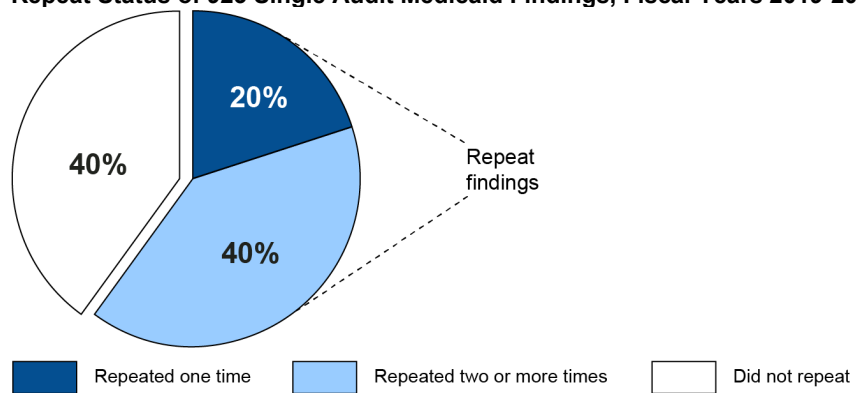
# MEDICAID PROGRAM INTEGRITY

## Opportunities Exist for CMS to Strengthen Use of State Auditor Findings and Collaboration

### What GAO Found

State auditors play an important role in Medicaid oversight, such as conducting states' annual single audits: audits required of entities that expend \$750,000 or more in federal funding in a fiscal year. From fiscal years 2019 through 2021, state auditors identified an average of over 300 Medicaid audit findings a year, including overpayments for services provided to beneficiaries and payments to providers not enrolled in Medicaid. The Centers for Medicare & Medicaid Services (CMS) monitors states' progress toward resolving these findings. GAO found nearly 60 percent of Medicaid single audit findings were repeated from the prior year, indicating incomplete or ineffective corrective actions.

**Repeat Status of 923 Single Audit Medicaid Findings, Fiscal Years 2019-2021**



Source: GAO analysis of Federal Audit Clearinghouse data. | GAO-23-105881

State auditors faced challenges conducting Medicaid audits. For example, auditors from four selected states told GAO they faced resource challenges, such as a lack of training. Auditors from all selected states described challenges obtaining information from CMS or their state Medicaid agency necessary to conduct audits, such as information on program risks. CMS and other federal agencies have recently begun to address some of these challenges.

CMS has also used state auditor findings to inform some of its oversight activities, such as to identify states or topics for review. In January 2021, CMS started analyzing single audit findings to identify national trends. CMS also restarted efforts to collaborate with state auditors, which had paused due to the COVID-19 pandemic. Efforts include working together to identify updates to the Compliance Supplement, which serves as a guide for conducting the single audit.

These recent efforts are promising and consistent with CMS's pledge to collaborate with state auditors to improve Medicaid. However, CMS has an opportunity to strengthen these efforts. For example, CMS has not used its new analysis of national trends to inform its oversight, or shared results with state auditors. Enhanced collaboration with state auditors, such as continuing to work together each year to identify potential Compliance Supplement updates and sharing information on audit trends and CMS's activities to follow up on findings, could help target oversight to areas of greatest risk for noncompliance and improper payments, and fill gaps in program oversight.