

# REPORT HIGHLIGHTS



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## California Medicaid Fraud Control Unit: 2023 Inspection

### Why OIG Did This Review

OIG administers the Medicaid Fraud Control Unit (MFCU or Unit) grant awards, annually recertifies each MFCU, and oversees the MFCUs' performance in accordance with the requirements of the grant. As part of this oversight, OIG conducts periodic inspections of MFCUs and issues public reports of its findings and observations.

### What OIG Found

The California MFCU reported 180 indictments; 221 convictions; 65 civil settlements and judgments; and \$544 million in recoveries during the review period of FYs 2021–2023. The MFCU maintained strong working relationships with external partners; implemented a new team approach for its investigations; and worked fraud and patient abuse or neglect cases involving a mix of provider types. However, the Unit did not always adhere to the MFCU performance standards or comply with applicable requirements.



The MFCU experienced challenges maintaining adequate staffing levels for its investigators and auditors and had begun efforts to address its recruitment and retention issues.



The Unit's written policies and procedures manual contained inconsistent policies during our review period.



Despite the Unit's efforts to increase fraud referrals from the State Medicaid agency's program integrity unit and managed care organizations, it received few fraud referrals from such sources during our review period.



The Unit took steps to maintain a continuous case flow but encountered issues with the State Medicaid data that limited its ability to investigate and identify allegations of provider fraud.



The MFCU did not consistently report convictions and adverse actions to its Federal partners within the appropriate timeframes but had improved since the last OIG inspection.



The MFCU claimed more than \$37,000 in unsupported costs and \$1.3 million in unapproved costs; made excess purchases; maintained an outdated and inaccurate inventory; and improperly claimed some of its indirect costs.

### What OIG Recommends

To address the findings, we recommend that the MFCU (1) build upon its efforts to recruit and retain qualified staff; (2) develop a process to ensure that its policies and procedures manual is current; (3) build upon its efforts to increase fraud referrals from the Department of Health Care Services' program integrity unit and the managed care organizations; (4) work to improve the Unit's access to quality Medicaid claims data; (5) report all convictions and adverse actions to Federal partners within the appropriate timeframes; (6) refund the Federal grant for the unsupported costs, excess purchases, and improperly claimed indirect costs; and (7) strengthen its fiscal controls. The MFCU concurred with all seven recommendations.