

REPORT HIGHLIGHTS



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CMS Is Not Systematically Tracking Whether States Return Federal Shares of Medicaid Managed Care Remittances

Why OIG Did This Review

- States can require Medicaid managed care plans (plans) to spend at least a certain percentage of their payments on enrollees' health care—known as a minimum medical loss ratio (MLR). States can also require plans to refund money when plans fail to meet this minimum MLR—called an MLR remittance.
- When a State receives an MLR remittance from a plan, the State must return some of it to the Federal government. This Federal share is based on the rate at which the Federal government matched the State's payment for Medicaid services. These amounts owed to CMS can total hundreds of millions of dollars.
- However, we identified concerns that CMS could not readily determine whether and when States return the Federal shares of MLR remittances to CMS, so we looked further into CMS's processes for this.

What OIG Found

CMS cannot readily or systematically track whether States return to CMS the required Federal shares of MLR remittances. To respond to OIG's request for MLR remittance information, CMS needed to reach out to States to determine whether they had returned hundreds of millions of dollars owed. Three factors contribute to these gaps in MLR oversight:



CMS's financial reporting system does not contain dedicated data fields for MLR remittance information that CMS can use to determine whether States returned the Federal shares of MLR remittances.



CMS staff do not routinely share information with each other about the MLR remittance amounts reported or returned.



CMS lacks procedures to track when to expect the Federal share from each State that owes an MLR remittance—which hinders oversight of timely returns.

What OIG Recommends

OIG recommends that CMS:

1. Obtain the Federal shares of MLR remittances from States that failed to return these amounts.
2. Develop the capacity to systematically track and readily determine the amounts of the Federal shares of MLR remittances that States return to CMS.
3. Improve internal communication to confirm that States return the Federal shares of the MLR remittance amounts reported annually to CMS.
4. Routinely confirm that States return the Federal shares of State-reported MLR remittance amounts.
5. Develop procedures to track (a) when each State is expected to return the required Federal shares of MLR remittances owed and (b) whether States have returned the Federal shares timely.

CMS concurred with the five recommendations.