

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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<http://oversight.house.gov>

January 23, 2019

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Ms. Verma:

The Patient Protection and Affordable Care Act (ACA) expanded Medicaid eligibility to individuals under the age of 65 with income up to 138 percent of the federal poverty level, leading to higher enrollment in the program.¹ As states seek to provide these new enrollees with health coverage, agencies have increasingly relied on the use of managed care organizations (MCOs) to deliver health benefits. According to the Government Accountability Office (GAO), federal spending for Medicaid managed care in 2017 comprised nearly half of all federal Medicaid expenditures—\$171 billion.² We write to request information about Medicaid managed care.

While MCOs have the “potential to help states reduce Medicaid program costs,” government watchdogs have recently identified program integrity issues in Medicaid managed care.³ For example, the Department of Health and Human Services Office of the Inspector General (HHS-OIG) released a report last year finding weaknesses in MCOs’ ability to identify fraud and abuse.⁴ A recently issued GAO report found similar program integrity risks for MCOs, including oversight challenges that are hampered by data quality issues.⁵

Likewise, state agencies have identified challenges with Medicaid managed care. A recent state audit of California’s Department of Health Care Services found the department made

¹ The Patient Protection and Affordable Care Act, P.L. 111-148 § 2001, 124 Stat. 119, 271-279 (2010).

² U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-18-528, MEDICAID MANAGED CARE: IMPROVEMENTS NEEDED TO BETTER OVERSEE PAYMENT RISKS (2018), <https://www.gao.gov/assets/700/693418.pdf>.

³ *Id.*

⁴ U.S. DEP’T OF HEALTH AND HUMAN SERVS., OFFICE OF THE INSPECTOR GENERAL, WEAKNESSES EXIST IN MEDICAID MANAGED CARE ORGANIZATIONS’ EFFORTS TO IDENTIFY AND ADDRESS FRAUD AND ABUSE, 2018, <https://oig.hhs.gov/oei/reports/oei-02-15-00260.pdf>.

⁵ U.S. GOV’T ACCOUNTABILITY OFFICE, GAO-18-528, MEDICAID MANAGED CARE: IMPROVEMENTS NEEDED TO BETTER OVERSEE PAYMENT RISKS (2018), <https://www.gao.gov/assets/700/693418.pdf>.

nearly \$4 billion in “questionable” Medi-Cal payments between 2014 and 2017.⁶ According to the audit, approximately \$3 billion of those payments stemmed from premiums paid to managed care plans. The audit attributed the questionable payments to “pervasive discrepancies” between state and county Medi-Cal beneficiary eligibility data.⁷

In April 2018, Acting Director for the Center for Medicaid and CHIP Services Tim Hill testified before the Committee about CMS’ efforts to ensure that “states are appropriately enrolling beneficiaries and that the Federal government is bearing only its fair share of the cost for Medicaid.”⁸ CMS has also announced various attempts to “strengthen program integrity” in the Medicaid program, including proposed changes to Medicaid managed care regulations.⁹ However, as more states have elected to expand Medicaid, we are concerned with CMS’s oversight of Medicaid managed care.¹⁰ To assist the Committee in continuing its oversight of this issue, we ask that you please provide the following information:

1. Information sufficient to demonstrate the accuracy and utility of the CMS Federal Data Services Hub, including how CMS enables states to use other data sources available at the federal level, such as current employment and income data.
2. Identify recent steps taken by CMS to strengthen program integrity in Medicaid managed care, including a description and account of the steps CMS has taken or plans to take to improve its oversight over California’s Medicaid program.
3. Information sufficient to demonstrate the assistance CMS provides to states in the administration of Medicaid managed care.
4. Information sufficient to demonstrate CMS’ recent Notice of Proposed Ruling Rulemaking for Medicaid and CHIP managed care.

Please provide this information as soon as possible but no later than 5:00 p.m. on February 6, 2019.

⁶ CALIFORNIA STATE AUDITOR, Rpt. 2018-603, DEPARTMENT OF HEALTH CARE SERVS: IT PAID BILLIONS IN QUESTIONABLE MEDI0-CAL PREMIUMS AND CLAIMS BECAUSE IT FAILED TO FOLLOW UP ON ELIGIBILITY DISCREPANCIES (2018), <https://www.auditor.ca.gov/pdfs/reports/2018-603.pdf>.

⁷ *Id.*

⁸ *Improper Payments in State Administered Programs: Medicaid, Hearing before the H. Comm. on Oversight and Gov’t Reform*, 115th Cong. (April 12, 2018) (statement of Tim Hill, Acting Director, Center for Medicaid and CHIP Servs. at the Centers for Medicare and Medicaid Servs.).

⁹ Press Release, Centers for Medicare and Medicaid Servs., CMS Announces Initiatives to Strengthen Medicaid Program Integrity (Jun. 26, 2018), <https://www.cms.gov/newsroom/press-releases/cms-announces-initiatives-strengthen-medicaid-program-integrity>; Press Release, Centers for Medicare and Medicaid Servs., CMS Proposes Changes to Streamline and Strengthen Medicaid and CHIP Managed Care Regulations (Nov. 8, 2018), <https://www.cms.gov/newsroom/press-releases/cms-proposes-changes-streamline-and-strengthen-medicaid-and-chip-managed-care-regulations>.

¹⁰ Abby Goodnough, *Idaho, Nebraska, and Utah Vote to Expand Medicaid*, N.Y. TIMES (Nov. 7, 2018), <https://www.nytimes.com/2018/11/07/health/medicaid-expansion-ballot.html>.

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If you have any questions regarding this request, please ask your staff to contact Betsy Ferguson of the Committee staff at (202) 225-5074. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Jordan".

Jim Jordan
Ranking Member

A handwritten signature in blue ink, appearing to read "Mark Meadows".

Mark Meadows
Member of Congress

cc: The Honorable Elijah E. Cummings, Chairman