



Issue Brief: Federal Disallowances

HEALTH AND HUMAN SERVICES

BB: HEALTH CARE FINANCING

SUMMARY

When the federal government determines that Medicaid funds have been inappropriately used, the federal government takes back their money, this is called a “disallowance.” This has happened 7 times in the past 3 years in the State of Utah for a total of \$40,305,200:

1. \$21,950,800 in December 2007 for Indirect Medical Education
2. \$10,880,000 in June 2008 for Indirect Medical Education
3. \$3,587,200 in December 2006 for Graduate Medical Education
4. \$2,311,100 in March 2007 for Graduate Medical Education
5. \$972,300 in February 2008 for Graduate Medical Education
6. \$359,500 in January 2006 for Family Planning
7. \$244,300 in September 2006 for Family Planning

Health indicates that these monies returned to the federal government because:

- A. Items 1 and 2 above were disallowed by the federal government because they determined that the Utah Medicaid Program did not follow the approved state plan. One of the major issues was that we made five or more payments a year instead of the approved four. We have appealed this finding through the federal appeals process to HHS Departmental Appeals Board (DAB). This amount is being paid back to the state by the University of Utah Medical Center who was the beneficiary of the Indirect Medical Education funds.
- B. Items 3, 4 and 5 are similar to each other. Originally the State Auditor’s Office determined that the Utah Medicaid Program used a wrong base year and there were questions on the Consumer Price Index (CPI) used in the calculation. The University of Utah Medical Center paid these disallowances back to the state. This was appealed, but the DAB ruled against the State. A State Plan Amendment (SPA) has been submitted with a proposed implementation date of July 1, 2008, which makes clarifications to our current state plan. CMS is still reviewing the amendment.
- C. With items 6 and 7 it was determined that the Utah Medicaid Program claimed too much in federal funds for Family Planning Services. The amounts were paid back to the federal government in 2006. The overpayment was caused by a modification to the program which calculates Family Planning service costs.