Federal investigators say Ohio owes the federal government $29.5 million for improper bonus payments rewarding the state’s effort to sign up children for Medicaid.

Ohio received $64.5 million in bonus payments from 2010-13, but the U.S. Department of Health and Human Services Office of Inspector General says the state overstated its enrollment by including children that did not qualify. The state, according to the inspector general’s report, incorrectly included blind and disabled children in its count.

That, investigators said, caused Ohio to overstate its Medicaid enrollment by between 33,000 and 41,000 per year during that four-year period. That led to unallowable bonus payments of $4.7 million to $10.8 million per year.

The state of Kansas was hit with a similar audit, finding that it owes $17.8 million.

The Ohio Department of Medicaid is disputing the findings.

Michelle Horn, the department’s chief financial officer, said in a July response that Ohio’s numbers “met the intent of the statutory criteria.” The guidance provided by the Centers for Medicare & Medicaid Services, Horn wrote, improperly “disqualifies children who are blind or disabled from the performance bonus payment calculation.”

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Ohio argues the guidance creates inconsistency. States have been told to assign children with certain blindness and disability criteria a specific code for the Medicaid Statistical Information System, Horn said, but were told not to count those children for calculating bonus payments.

Horn said that runs counter to congressional intent.

That “doesn’t seem correct for both the word and spirit of the statute,” Horn said, adding that the expressed intent of Congress was to apply the bonus for “all children who meet eligibility criteria under (Medicaid), not the artificially limited number of children” who are labeled under specific codes.

The inspector general’s office disagreed with Ohio’s argument.

“After review and consideration of Ohio’s comments, we maintain that our findings and recommendation are correct. CMS has consistently and reasonably interpreted the statute and explained its approach in addressing Congress’s intent,” the inspector’s office wrote.

The goal of the bonus program was to incentivize states to sign up many of the millions of children who were without health coverage, even though they qualified for subsidized government insurance.

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