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per quarter over a three-year period because of "faulty" and "imprecise" practices, according to a federal audit released Monday.

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Illinois overdrew money from a federal Medicaid account by an average of \$60 million per quarter over a three-year period because of "faulty" and "imprecise" practices, according to a federal audit released Monday.

The U.S. Department of Health and Human Services' Office of Inspector General said

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government the amount it had overdrawn, the audit said.

Using the “same imprecise withdrawal methodology,” the state overdrew from the federal Medicaid account in nine of 12 quarters auditors probed, creating a “perpetual treadmill effect” in which the state was in an overdrawn position, the report said.

Mike Casey, administrator of the Illinois Department of Healthcare and Family Services' finance division, said the state has properly justified all of the \$23.3 billion in claims over the three-year period.

Medicaid, the state-federal program for low-income and disabled people, covers about 3 million people in Illinois with a projected annual budget of about \$18 billion.

The federal government generally pays about half of the program's cost, but the percentage varies by patient. Low-income childless adults, for example, are covered 100 percent by the federal government through 2017 as part of the Affordable Care Act. Other coverage, meanwhile, is paid for entirely by the state. So depending on the mix of patients in a given quarter, the percentage owed by the federal government fluctuates.

Because Illinois still relies on a 30-plus-year-old Medicaid software system, it is unable to provide real-time claims information. The state, therefore, must use historical claims data to estimate the federal government's share of the payments by quarter, Casey said.

Each day the state pays hospitals, doctors and other health care providers, it submits the federal government a bill for its projected share of the costs. At the end of each quarter, it reconciles the difference.

Between fiscal 2010 and 2012, the state's estimates missed the mark by at least \$4

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programs, where it will be paid a fixed fee per-patient, per-month, it will be able to better estimate and manage the amount it draws from the federal government.

Further, he said, the state is implementing a new Medicaid payment processing system that will be able to calculate the federal government's share in real time. That system is expected to be in place by the fourth quarter of 2017.

The federal agency's review of Illinois is part of a series related to federal Medicaid spending spurred by a previous external audit that found states owed \$1.3 billion to the federal government at the end of fiscal 2011.

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