

OFFICE OF THE STATE AUDITOR

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Official Report – February 25, 2026

Medicaid Audit Unit—Annual Report

For the period March 3, 2025 through February 27, 2026



INTRODUCTION

The Office of the State Auditor (OSA) receives an annual appropriation for the operation of a Medicaid Audit Unit (Unit) for preventing and identifying fraud, waste, and abuse in the MassHealth system and for making recommendations for improved operations. The state's fiscal year 2026 budget (as presented in Chapter 9 of the Acts of 2025) requires that OSA submit a report to the House and Senate Committees on Ways and Means by no later than February 27, 2026 that includes (1) "all findings on activities and payments made through the MassHealth system;" (2) "to the extent available, a review of all post-audit efforts undertaken by MassHealth to recoup payments owed to the commonwealth due to identified fraud and abuse;" (3) "the responses of MassHealth to the most recent post-audit review survey, including the status of recoupment efforts;" and (4) "the unit's recommendations to enhance recoupment efforts."

For fiscal year 2026, the appropriation for the Unit was \$1,483,719. This amount represents an approximately 3% increase over the Unit's fiscal year 2025 appropriation of \$1,440,504. OSA submits all costs (direct and indirect) associated with running the Unit to the Executive Office of Health and Human Services (EOHHS) to be included in its quarterly filings with the Centers for Medicare & Medicaid Services for federal cost sharing. In federal fiscal year 2025, OSA submitted a total of \$1,278,923 to EOHHS for consideration for the state's program integrity, allowing the state to obtain a 50%, or \$639,462, reimbursement of these costs.

This report, which is being submitted by OSA in accordance with Chapter 9 of the Acts of 2025, provides a summary of the following performance audits of MassHealth: (1) a review of dental services, (2) a review of transportation services, (3) a review of durable medical equipment (DME) providers, and (4) inpatient maternity services. This report also details an estimated \$8,451,554 of potential cost savings we identified in the MassHealth program.

Background

EOHHS administers the state's Medicaid program, known as MassHealth. This program provides access to healthcare services each year to approximately two million eligible children, families, people over 65, and people with disabilities, all of whom have low or moderate incomes. In fiscal year 2025, MassHealth program expenditures totaled \$22.1 billion, of which approximately 39% was paid by the Commonwealth. Medicaid program expenditures represented approximately 32.5% of the Commonwealth's total annual budget.

Heightened concerns over the integrity of Medicaid expenditures were raised in January 2003, when the US Government Accountability Office (GAO) placed the US Medicaid program on its list of government programs that are at “high risk” of fraud, waste, abuse, and mismanagement. At that time, GAO estimated that between 3% and 10% of total healthcare costs were lost to fraudulent or abusive practices by unscrupulous healthcare providers. Based on these concerns, OSA began conducting audits of Medicaid-funded programs and, as part of its fiscal year 2007 budget proposal, submitted a request to establish a Medicaid Audit Unit within its Division of Audit Operations. The Unit would be dedicated to detecting fraud, waste, abuse, and mismanagement in the MassHealth program. With the support of the Massachusetts Legislature and the Governor, this proposal was approved and has continued to be funded in subsequent budgets. Since that time, OSA has maintained ongoing independent oversight of the MassHealth program and its contracted service providers. Since 2007, audit reports issued by OSA have identified ways MassHealth can strengthen its controls to prevent and detect (1) fraud, waste, abuse, and mismanagement in the Massachusetts Medicaid program and (2) detect improper claims for Medicaid services.

OSA uses data analytics in all audits conducted by the Unit. By doing so, our auditors can identify areas of high risk, isolate outlier providers, and in many cases perform reviews of 100% of the claims under audit, thus significantly improving the accuracy, efficiency, and effectiveness of our audits. Moreover, in many cases, data analytics has enabled the Unit to fully quantify the financial effects of improper payments, whether they involve 1 claim or 10 million claims. The use of data analytics techniques has enabled the Unit to (1) identify greater cost recoveries and savings; (2) isolate weaknesses in claim-processing systems; and (3) make recommendations regarding MassHealth’s system and program regulations to promote future cost savings, improve service delivery, and make government work better.

COMPLETED AUDITS

During this reporting period, OSA released four audit reports on MassHealth’s compliance with state and federal laws, regulations, and other applicable authoritative guidance. These reports identified an estimated \$8,451,554 in potential cost savings and provided several recommendations to strengthen internal controls and oversight in MassHealth’s program administration. The following is a summary of our Medicaid audit work between March 2025 and the end of February 2026.

1. Office of Medicaid (MassHealth)—Review of Claims Submitted by Dental Arts Lawrence: Dr. Snehal Pingle, Dr. Yuan Fu Shek, and Dr. Ke Wang

Audit Number	2023-1374-3M3
Audit Period	July 1, 2019 through June 30, 2023
Issue Date	April 2, 2025
Number of Findings	2
Number of Other Matters	1
Number of Recommendations	3
Total Dollar Amount of Improper Billings	\$215 (estimated)
MassHealth Recouping Payments	No

Background and Reason for Audit

The purpose of this audit was to determine whether Dr. Snehal Pingle, Dr. Yuan Fu Shek, and Dr. Ke Wang properly billed MassHealth for dental services and maintained documentation in members’ dental records to support these services. This audit was initiated as the result of a referral from OSA’s Bureau of Special Investigations. The Bureau of Special Investigations is charged with investigating potentially fraudulent claims or wrongful receipt of payment and/or services from public assistance programs. OSA conducted this audit as part of our ongoing independent statutory oversight of the state’s Medicaid program.

Summary of Findings and Recommendations

OSA reported two findings in this audit:

1. Dr. Snehal Pingle, Dr. Yuan Fu Shek, and Dr. Ke Wang of Dental Arts Lawrence did not always maintain adequate dental records.
2. Dr. Snehal Pingle, Dr. Yuan Fu Shek, and Dr. Ke Wang of Dental Arts Lawrence billed and were paid for unallowable tooth restorations.

OSA's recommendations to Dental Arts Lawrence were as follows:

1. Dr. Snehal Pingle, Dr. Yuan Fu Shek, and Dr. Ke Wang of Dental Arts Lawrence should implement monitoring controls to ensure that all claims are properly submitted to MassHealth.
2. Dental Arts Lawrence should work with MassHealth to determine the number of claims that are unallowable and should enter into an appropriate program of financial recovery for the Commonwealth.
3. MassHealth should update its system to ensure that dental restorations are paid for appropriately.

MassHealth's Comments

MassHealth agreed with OSA's recommendations for both findings and stated that it plans to review OSA's sample of dental claims to determine whether there are any claims that constitute overpayments. In addition, MassHealth plans to review its systems to determine whether updates are needed to further ensure that dental restorations are paid for in accordance with MassHealth regulations. If MassHealth determines that updates are necessary, MassHealth anticipates updating the applicable systems.

Dental Arts Lawrence's Comments

Regarding Finding 1, Dental Arts Lawrence disagreed with OSA and noted that, in its opinion, the documentation was inadequate due to a software error.

Regarding Finding 2, Dental Arts Lawrence disagreed with OSA and stated that, in its opinion, the exception was due to an error with MassHealth's billing system.

Other Matters

OSA also reported one issue in its "Other Matters" section for this audit:

1. Dental Arts Lawrence had a very high billing and re-billing rate for restorations.

OSA's recommendation for Dental Arts Lawrence was as follows:

1. Dental Arts Lawrence should work with MassHealth to determine whether these restorations were medically necessary.

Regarding this issue in the "Other Matters" section, Dental Arts Lawrence disagreed with OSA, stating that, in its opinion, the frequency of restorations was due to poor oral hygiene of the patients in its community. Additionally, Dental Arts Lawrence stated that some of its patients take advantage of the Medicaid program by seeking frequent treatment rather than making improvements to their hygiene.

2. Office of Medicaid (MassHealth)—Review of Transportation Services

Audit Number	2024-1374-3M2
Audit Period	July 1, 2020 through June 30, 2023
Issue Date	May 8, 2025
Number of Findings	2
Number of Other Matters	0
Number of Recommendations	3
Total Dollar Amount of Improper Billings	\$1,669,882
MassHealth Recouping Payments	Yes

Background and Reason for Audit

The purpose of this audit was to determine whether MassHealth ensured that its broker¹ process provided equal opportunity to contracted transportation providers, whether transportation services were properly authorized and documented in accordance with Sections 407.421(D) and 450.205(A) of Title 130 of the Code of Massachusetts Regulations (CMR), and whether Criminal Offender Record Information checks were consistently completed and documented for transportation drivers in accordance with 130 CMR 407.405(B). This audit was conducted as part of OSA’s ongoing independent statutory oversight of the state’s Medicaid program.

Summary of Findings and Recommendations

OSA reported two findings in this audit:

1. MassHealth paid for nonemergency transportation services when there was no qualifying medical service on the same day.
2. MassHealth paid for nonemergency transportation services that were not properly documented.

OSA’s recommendations to MassHealth were as follows:

1. MassHealth should ensure that brokers maintain documentation for all transportation services provided to MassHealth members.
2. MassHealth should work with the brokers to determine the amount overpaid for nonemergency transportation services.

1. A transportation broker is a regional transit authority that manages nonemergency medical transportation for people who need assistance getting to and from their healthcare appointments. A transportation broker matches transportation requests with the right vehicles, the right routes, and the right schedule to ensure members arrive safely and on time.

MassHealth’s Comments

MassHealth agreed with OSA’s recommendation and stated that brokers have implemented software to provide a more thorough audit trail for the transportation services they facilitate. MassHealth also stated that the issue of transportation services paid without a corresponding qualifying medical service on the same day could be due to billing errors by the providers or bundled services that take place over a period of days.

MassHealth also stated that it will review OSA’s findings to determine whether there were any overpayments relating to the transportation services.

3. Office of Medicaid (MassHealth)—Review of Durable Medical Equipment (DME) Providers

Audit Number	2024-1374-3M3
Audit Period	January 1, 2021 through December 31, 2023
Issue Date	October 30, 2025
Number of Findings	3
Number of Other Matters	0
Number of Recommendations	6
Total Dollar Amount of Improper Billings	\$580,650
MassHealth Recouping Payments	N/A

Background and Reason for Audit

The purpose of this audit was to determine whether MassHealth monitored billing and authorization practices for DME providers and prescribers and monitored various death records to ensure that DME was not ordered for or prescribed to members who had already passed away.

The audit was conducted as part of OSA’s ongoing independent statutory oversight of the state’s Medicaid program. Several of our previously issued audit reports disclosed weaknesses in MassHealth’s claim processing system as well as improper billing practices by MassHealth providers, which identified millions of dollars in potentially improper payments. As with any government program, public confidence is essential to the success and continued support for public expenditures, such as the state’s Medicaid program. Our audit was designed to identify issues that will help improve the Medicaid program so that taxpayers know that their dollars are spent prudently and that there is a system of continuous improvement to support improved efficiency and service over time.

Summary of Findings and Recommendations

OSA reported three findings in this audit:

1. MassHealth paid an estimated \$521,526 for DME that could not be verified as having been ordered by an eligible provider.
2. MassHealth paid \$31,724 for DME that was ordered by providers who were excluded from participating in Medicaid.
3. MassHealth paid providers \$27,400 for DME that was ordered for members who were deceased.

OSA's recommendations to MassHealth were as follows:

1. MassHealth should not pay claims for DME that do not have a licensed provider's name and national provider identifier on the associated DME order form.
2. MassHealth should investigate the claims identified in this finding and recoup any overpayments that it deems appropriate.
3. MassHealth should develop procedures that deny any claims that are ordered, referred, or prescribed by providers who are excluded from participating in Medicaid or providers whose medical licenses are suspended or terminated.
4. MassHealth should find a way to address the lag that occurs between a member's death and when that death is entered into the Medicaid Management Information System. MassHealth should also use additional data sources to confirm whether a member is deceased.

MassHealth's Comments

Regarding Finding 1, MassHealth agreed with OSA's recommendation, stating that it suspended a system edit relating to the submission of DME claims in March 2020 to ease the administrative burden for providers. MassHealth noted that it reinstated the system edit in July 2023, and this system edit should prevent claims from being accepted without an accompanying national provider identifier. MassHealth also stated that it plans to investigate the claims identified in the finding and recoup overpayments.

Regarding Finding 2, MassHealth agreed with OSA's recommendation and referenced the same system edit mentioned above, stating that it believes that this system edit will allow it to deny payment to providers who are suspended or terminated. Additionally, MassHealth noted that it offers trainings and meetings to providers to educate them on compliance with federal and state law. Finally, MassHealth noted that it audits two to three AFC and GAFC providers monthly to review documentation and that it issues sanctions when necessary.

Regarding Finding 3, MassHealth agreed with OSA’s recommendation and noted that some of the claims highlighted in the finding had already been flagged by MassHealth during its postpay recovery process. MassHealth emphasized that due to the delay in how it receives information about deceased members, it relies on the postpay process to recoup payments for its members who had passed away.

4. UMass Memorial Health Care

Audit Number	2024-4601-3H
Audit Period	July 1, 2020 through June 30, 2023
Issue Date	November 4, 2025
Number of Findings	2
Number of Other Matters	1
Number of Recommendations	5
Total Dollar Amount of Improper Billings	\$6,200,807
MassHealth Recouping Payments	N/A

Background and Reason for Audit

The purpose of this audit was to determine the following:

- whether UMass Memorial Health Care (UMMH) spent grant funds from EOHHS in accordance with Chapter 102 of the Acts of 2021 and its Payment Agreement with EOHHS;
- whether UMMH spent grant funds it received from the Massachusetts Emergency Management Agency in accordance with its associated grant applications; and
- whether UMMH provided inpatient maternity services to MassHealth members in accordance with MassHealth and Department of Public Health (DPH) regulations, specifically, whether (a) medical records for inpatient maternity services were maintained in accordance with 130 CMR 450.205(A); (b) inpatient maternity services were provided by registered nurses in accordance with 105 CMR 130.616(F) and best practices established by the Association of Women’s Health, Obstetric and Neonatal Nurses; and (c) births were reported to DPH within 10 days, as required by 105 CMR 305.020.

Summary of Findings and Recommendations

OSA reported two findings in this audit:

1. UMMH could not provide accounting records to document how it spent \$6.2 million in grants from EOHHS.
2. UMMH could not account for when or if it had reported births occurring in its hospitals to DPH.

OSA also reported one issue in its “Other Matters” section for this audit:

1. UMMH did not ensure that all users of its electronic health records information system completed information security awareness training.

OSA’s recommendations to UMMH were as follows:

1. UMMH should maintain detailed accounting records and maintain an audit trail to show when state or federal grant revenue is received and what expenses are incurred in association with grant revenue. This is a requirement of the grant agreement executed by UMMH with the Commonwealth.
2. When accepting taxpayer-funded grants from the Commonwealth, UMMH should use those funds to invest in maintaining operations of essential services. For example, UMMH should have considered allocating these funds to maternity care or other critical healthcare services, rather than spending these taxpayer-funded grants to reimburse itself for UMMH’s prior year expenditures, such as employee bonuses.
3. UMMH should reassess the need for maternity care in the communities served by HealthAlliance Clinton Hospital and work toward mitigating health disparities caused by a lack of access to maternity care in that region.

MassHealth’s Comments

Regarding Finding 1, MassHealth agreed with OSA’s first recommendation that maintaining accounting records was a requirement of its grant agreement with UMMH. MassHealth noted that there were limited restrictions for the use of the \$6.2 million awarded by MassHealth to UMMH, and that MassHealth had no evidence suggesting that UMMH used the grant funds inappropriately.

Regarding Finding 2, MassHealth agreed with OSA’s recommendation that UMMH must document births and report them to DPH within 10 days, in accordance with DPH regulations. MassHealth also did not offer comment on whether UMMH has existing internal controls to ensure compliance with birth reporting requirements.

Regarding the issue in the “Other Matters” section, MassHealth agreed with OSA’s recommendation that UMMH must abide by Health Insurance Portability and Accountability Act (HIPAA) requirements, including cybersecurity requirements.

UMMH’s Comments

Regarding Finding 1, UMMH disagreed with OSA, stating that accounting records were not required to report to EOHHS as part of the grant agreement, and it believed that it provided all requested documents to OSA. UMMH stated that it believes it is outside OSA’s authority to recommend how UMMH spends the

grant funds and that it believes that using the funds to reimburse itself for bonuses previously paid to employees was permissible under the grant agreement with EOHHS.

Regarding Finding 2, UMMH disagreed with OSA, stating that all births relating to the finding had been reported to DPH via encrypted messages that were no longer available due to personally identifiable information protection. UMMH also stated that the paper birth logs used to internally track births were disposed of in bins per HIPAA regulations and reiterated that it properly maintained all documentation.

Regarding the issue in the “Other Matters” section, UMMH disagreed with OSA’s recommendation, stating that it provided evidence of cybersecurity training for all sampled users.

CURRENT INITIATIVES

In addition to the four completed audits discussed above, during this reporting period, OSA began or continued work on four other audits of MassHealth's administration of the Medicaid program and Medicaid service providers' compliance with state and federal laws, regulations, and other authoritative guidance. These audits were selected based on OSA's research, and we are using data analytics to identify areas of risk in the state's Medicaid program. Based on preliminary analysis and previous audit results, we anticipate that these audits will continue to identify improper payments and areas for improvement in the administration and delivery of program services. If applicable, these audits will include recommendations to strengthen internal controls and oversight in MassHealth's program administration. The following is a summary of our Medicaid audit work in process.

- OSA is conducting a review of MassHealth claims reimbursed for clinical laboratory services for the audit period January 1, 2019 through December 31, 2023. The purpose of this audit is to determine whether MassHealth claimed reimbursement from the Federal government for outpatient clinical diagnostic laboratory services in accordance with applicable payment limits and in accordance with the Centers for Medicare & Medicaid Services' *State Medicaid Manual* and *Medicare Claims Processing Manual*.
- OSA is conducting a review of MassHealth claims submitted by Bass River Inc. for the period July 1, 2023 through June 30, 2025. The purpose of this audit is to determine whether Bass River Inc. completed service needs assessments for MassHealth members, whether it obtained prior authorizations for MassHealth members attending day habilitation, and whether it billed MassHealth for services at the payment level authorized by MassHealth in accordance with certain MassHealth regulations.
- OSA is conducting a review of MassHealth claims for which antipsychotic medications were administered in nursing homes to determine whether appropriate monitoring and review occurred for the period July 1, 2023 through June 30, 2025. The purpose of this audit is to determine (1) how MassHealth monitored and reviewed the use of antipsychotic medications in nursing homes under its jurisdiction; (2) how it ensured that the administration of antipsychotic medications for nursing home patients had proper documentation, consent, and prior authorizations required by certain regulations; and (3) how it ensured that the appropriate staff members were trained and licensed to administer antipsychotic medications to patients in their care.
- OSA is conducting a review of EOHHS for the period July 1, 2023 through June 30, 2025. The purpose of this audit is to determine how EOHHS has integrated the information in its 2022 Report of the Special Commission on Racial Inequities in Maternal Health and DPH's 2023 Review of Maternal Health Services reports to assess program effectiveness and internal division performance that rectifies healthcare inequities and better allocates funds, resources, and needed support for Commonwealth members experiencing maternal and perinatal healthcare needs.