

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850



Financial Management Group
Division of Financial Operations West

February 25, 2026

John Connolly
State Medicaid Director
Department of Human Services
444 Lafayette Road
St. Paul, MN 55155

Deferral Numbers: MN/2025/4/E/04/ADM - MN/2025/4/E/05/MAP - MN/2025/4/E/06/MAP - MN/2025/4/E/07/MAP

Dear Director Connolly,

This letter constitutes a notice of four deferrals totaling \$259,505,491 federal financial participation (FFP). This amount represents expenditures claimed on Form CMS-64 for the quarter ending September 30, 2025, certified on December 30, 2025. The state should provide the requested documentation for each deferral within the required timeframe of 42 C.F.R. § 430.40 for CMS to make a proper determination on the allowability of the claim or remove the claims by including a Line 10B decreasing adjustment on the next quarterly CMS-64 submission. During the handling of these deferred amounts, please reduce your draws in the Payment Management System (PMS) MAP25 - \$255,139,149 and ADM25 - \$4,366,342. A negative grant award was issued in the amount of \$259,505,491 in federal share dated February 25, 2026.

CMS identified \$4,366,342 FFP (MN/2025/4/E/04/ADM) due to the continuing review of documentation that demonstrates administrative costs are properly allocated that include state-only health programs, including those relating to individuals lacking a satisfactory immigration status. CMS's deferral is based on the percentage of claims volume related to state-only health programs from an Advanced Planning Document for the Medicaid Management Information System at five point two-nine (5.29%) percent and applied to specific Administrative Lines on Form CMS 64.10. We are requesting Minnesota provide additional supporting documentation that no allocation to the local-only programs was appropriate, provide a better allocation basis that is validated through Minnesota's current Public Assistance Cost Allocation Plan, or make a decreasing Line 10B adjustment on the next quarterly CMS-64 submission to reflect the deferred amounts.

CMS identified \$11,025,548 FFP (MN/2025/4/E/05/MAP) related to an ongoing review of claims documentation for services furnished to individuals lacking satisfactory immigration status. The supporting documentation does not appear to satisfy Minnesota's policy for

emergency Medicaid services and does not appear to comply with section 1903(v) of the Social Security Act. We are requesting Minnesota either provide additional documentation to support the claims or make a decreasing Line 10B adjustment on the next quarterly CMS-64 submission.

CMS identified \$243,790,260 FFP (MN/2025/4/E/06/MAP) attributable to CMS's ongoing review of state expenditures, with a focus on fourteen high-risk Medicaid service areas identified as particularly vulnerable to fraud or abuse. CMS has identified \$164,198,916 FFP for other practitioner, personal care, and home and community-based services lines that have questionable variances and raise concerns about allowability of the claimed expenditures. Additionally, CMS has identified \$79,591,344 FFP claimed by the state associated with reimbursement claims submitted to the state by specific providers that we have identified as high-risk for fraud or aberrant billing practices based on historical billing and CMS data analytics. We are requesting Minnesota either provide additional state and provider documentation to support the allowability of these claims, including through CMS sample-based reviews, or make decreasing Line 10B adjustments on the next quarterly CMS-64 submission.

Finally, CMS identified \$323,341 FFP (MN/2025/4/E/07/MAP) due to returns of FFP for periods of 2020 through 2024 that were not returned at the same matching percentage of the original claim and that require additional documentation to demonstrate the allowability of the claims. We are requesting Minnesota provide additional supporting documentation that demonstrates the FFP was reported at the correct FMAP or make a Line 10B adjustment on the next quarterly CMS-64 submission to reflect the deferred amounts.

Per 42 C.F.R. §430.40, your office is requested to provide, within 60 days from receipt of this letter, all documents and materials that it believes support the allowability of the above claims that have not already been received by CMS. The requested information must be in readily reviewable form. If your office is unable to provide the required information within the 60 days, you may request an extension up to an additional 60 days as specified in 42 C.F.R. §430.40(c)(1). Your request for an extension should be submitted to our Financial Analyst, Audrey Mattison at audrey.mattison@cms.hhs.gov.

Should you require further details regarding this matter, please contact Jeffrey Branch, Branch Chief, Branch A, Division of Financial Operations West, Financial Management Group, CMS at jeffrey.branch@cms.hhs.gov or (214) 326-9038.

Sincerely,

Dorothy Ferguson, Director
Division of Financial Operations West