

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

July 21, 2026

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

Deferral Number: MN/2026/2/E/01/MAP

Dear Director Connolly,

This letter constitutes a notice of deferral totaling \$199,033,607 federal financial participation (FFP). This deferral represents standard business practice reflecting the continued follow-up required to address issues that remained unresolved. This amount represents expenditures claimed on Form CMS-64 for the quarter ending March 31, 2026, certified on June 1, 2026. The state should provide the requested documentation for the 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 this deferred amount, please reduce your draws in the Payment Management System (PMS) MAP26 - \$199,033,607. A negative grant award was issued in the amount of \$199,033,607 in federal share dated July 21, 2026.

CMS identified \$3,328,872 FFP 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. Additionally, CMS has identified \$195,704,735 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.

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 Jeoffrey Branch, Technical Director, Division of Financial Operations West, Financial Management Group, CMS at jeoffrey.branch@cms.hhs.gov or (214) 326-9038.

Sincerely,

Dorothy Ferguson, Director
Division of Financial Operations West