

2018



KANSAS ATTORNEY GENERAL

Derek Schmidt

**Office of the Medicaid Inspector General
Calendar Year 2018
Annual Report**

January 1 – December 31, 2018

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Letter from the Inspector General

January 2019

Dear Fellow Kansans:

It is our pleasure to submit the annual report of the Medicaid Inspector General within the Office of Attorney General Derek Schmidt for calendar year 2018. This report is issued in accordance with K.S.A. 2018 Supp. 75-7427(i) and is respectfully submitted to:

- The Citizens of the State of Kansas
- Governor Laura Kelly
- Members of the Kansas Senate Committee on Ways and Means
- Members of the Kansas House of Representatives Committee on Appropriations
- Kansas Department of Health and Environment Acting Secretary Lee Norman
- Kansas Department for Aging and Disability Services Acting Secretary Laura Howard
- Legislative Post Auditor Justin Stowe
- Kansas Attorney General Derek Schmidt

This report provides an overview of the Kansas Medicaid Inspector General's Office and describes the office's activities during calendar year 2018. We welcome any comments or questions you may have regarding this report or our operations.

Respectfully submitted,

Sarah E. Fertig
Medicaid Inspector General

Introduction

The Office of Inspector General (OIG) is charged with overseeing the Kansas Medicaid program (KanCare), the MediKan program, and the State Children’s Health Insurance Program (SCHIP). K.S.A. 2018 Supp. 75-7427(b)(1) states that the purpose of the OIG is: “to establish a full-time program of audit, investigation and performance review to provide increased accountability, integrity and oversight . . . and to assist in improving agency and program operations and in deterring and identifying fraud, waste, abuse and illegal acts.” The same statute requires the Inspector General to be “independent and free from political influence” in performing the duties of the position.

Organizational Structure

The OIG is an independent division of the Kansas Attorney General's Office. The Medicaid inspector general reports directly to the attorney general. In accordance with K.S.A. 2018 Supp. 75-7427(b)(1), all budgeting, purchasing, related management functions and personnel are administered under the direction and supervision of the attorney general. In accordance with K.S.A. 2018 Supp. 75-7427(1), the scope, timing, and completion of all audits and investigations conducted by the OIG shall be within the discretion of the Medicaid Inspector General.

Legislative History

2007 Senate Bill 11 created the OIG within the Kansas Health Policy Authority (KHPA). The original statutory provisions contained in that bill remain virtually unchanged today.

In 2011, Executive Reorganization Order No. 38 abolished the KHPA and transferred all powers, duties, and functions of the KHPA to the Division of Health Care Finance within the Kansas Department of Health and Environment (KDHE). The OIG was transferred to KDHE as part of that Executive Reorganization Order.

2017 Senate Bill 149 moved the OIG from KDHE to the attorney general's office effective June 1, 2017. On October 9, 2018, the Senate Confirmation Oversight Committee voted to authorize Sarah Fertig, the attorney general's nominee for the Medicaid inspector general position, to exercise the powers of the office pending confirmation by the full Senate. Ms. Fertig was confirmed by the Senate on January 17, 2019.

Staffing

At present, the Medicaid inspector general is the only staff member within the OIG. The attorney general's office is currently recruiting for an additional staff member and is planning to recruit additional qualified staff as appropriations allow.

Prior to the nomination of the current inspector general, the position of inspector general had been vacant since June 2014, and no one had served in that position in a Senate-confirmed capacity since January 2014. In addition, no OIG support staff have been employed by KDHE since November 2014. Thus, when the OIG function was transferred to the attorney general's office, no legacy staff were included in that transfer.

Summary of CY 2018 OIG Activities

The Medicaid inspector general assumed the duties of that position on October 9, 2018. As previously noted, the OIG had been non-functional for nearly four years before the inspector general assumed the duties of the office. Upon assuming those duties, the inspector general, in coordination with the attorney general's office, began working to rebuild the OIG function from scratch. These basic start-up steps include locating secure office space, furnishing and equipping the office, and reviewing appropriations to determine how best to staff the OIG. These activities are ongoing due to the scarcity of state office building space and the requirements of the state purchasing process.

K.S.A. 2018 Supp. 75-7427(k)(1) requires the inspector general to "make provision to solicit and receive reports of fraud, waste, abuse, and illegal acts." To that end, the inspector general has made arrangements with other state agencies to receive reports of suspected fraud, and has created a dedicated email address, MedicaidIG@ag.ks.gov, that concerned citizens may use to submit such reports. The attorney general's office is also in the process of creating an online form which can be used to report suspected fraud, waste, abuse, and illegal acts related to the programs within the OIG's jurisdiction.

The inspector general has been working on creating a solid foundation for OIG operations, including developing internal policies to comply with the U.S. Government Accountability Office's Government Auditing Standards pursuant to K.S.A. 2018 Supp. 75-7427(l). The inspector general has also been studying the programs subject to OIG oversight and establishing contacts with state agencies, contractors, and stakeholder groups.

K.S.A. 2018 Supp. 75-7427(i) requires the inspector general to include the following information in this annual report:

- Aggregate provider billing and payment information;
- The number of audits of Medicaid, MediKan, and SCHIP and the dollar savings, if any, resulting from those audits;
- Health care provider sanctions, in the aggregate, including terminations and suspensions; and,
- A detailed summary of the investigations undertaken in the previous fiscal year.

The OIG was unable to complete any audits during calendar year 2018 due to the lack of any OIG resources or staff in existence at the time the inspector general was authorized to assume the duties of the office. No OIG investigations were conducted in State Fiscal Year 2018 because that fiscal year ended on June 30, 2018, before the inspector general was authorized to assume the duties of the office. Consequently, no health care provider sanctions resulted from any OIG audit or investigation in 2018.

The inspector general has obtained the following CY 2018 aggregate provider billing and payment information from KDHE, which includes payments made to providers under both the fee-for-service and KanCare models:

- Medicaid provider payments: \$2,832,858,966
- MediKan provider payments: \$5,735,046
- SCHIP provider payments: \$68,753,420



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