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**Robert G. (Bob) Bethell Joint Committee on Home and Community Based Services
and KanCare Oversight**

**Medicaid Inspector General Update
August 3, 2023**

Chair Gossage and Members of the Committee:

Thank you for the opportunity to appear today and discuss the Office of the Medicaid Inspector General (OMIG) with you this morning. My name is Steve Anderson and I am pleased to present this update regarding the OMIG.

The OMIG is finalizing its performance audits of eligibility determinations for Medicaid beneficiaries on the Transitional Medical Assistance Program (TransMed) and Medicaid beneficiaries with multiple identification numbers. It is anticipated that these reports will be published later this month. We have also initiated two additional performance audits. The first involves Medicaid reimbursements to public schools and the second involves the prior authorization process for Medicaid providers and managed care organizations (MCOs).

The OMIG published a performance audit dated June 5, 2023, concerning Medicaid beneficiaries that had moved out of Kansas, but were still enrolled in KanCare. The audit covered the period from January 1, 2019, through December 31, 2021. The report concluded that KDHE has external factors and internal deficiencies that hinder KDHE's ability to identify, verify, and terminate Medicaid eligibility on a timely basis. For example, a group of beneficiaries that were identified as moving out of Kansas were not properly processed, resulting in an estimated overpayment of \$1,370,376.68 in capitation payment to the MCOs. It was also noted that an additional \$400,000.00 in annual savings could be recouped from the MCOs by improved processes to determine when Kansas Medicaid beneficiaries have moved to another state.

In cooperation with KDHE, the OMIG developed fraud, waste, and abuse awareness training that was provided to KDHE and contract employees. Last calendar year, we completed six training sessions and provided the training to 196 employees. So far this year, we have conducted 13 training sessions and provided the training to 579 people. The training will be offered on an

annual basis to KDHE employees and contract employees. Some sessions are open to the public. The purpose of the training is to ensure employees are better prepared to identify fraud, waste, and abuse and how to report it.

I am pleased to report OMIG staffing is now nine positions; three auditors, one data analyst, one financial analyst, two special agents, one secretary, and the Inspector General. For FY 2024, I requested two special agents, a financial analyst, and \$340,000.00 in additional funding to enable OMIG to fulfill its mission as defined in K.S.A. 75-7427(c)(1), which states “*The duties of the office of inspector general shall be to oversee, audit, investigate and make performance reviews of the medicaid program, the state mediKan program and the state children’s health insurance program or their successor programs.*” That funding was approved and we have successfully staffed those positions. Thank you for your support with the funding and staffing request.

The OMIG continues to oversee a substantial number of complaints of fraud, waste, abuse, and illegal acts concerning the Kansas Medicaid program (KanCare), the MediKan program, and the State Children’s Health Insurance Program (SCHIP). The primary type of complaint is eligibility fraud. The majority of these complaints are submitted by the Kansas Department for Children and Families (DCF). Other sources include calls from concerned citizens, other law enforcement and oversight agencies, and via the hotline.

In Calendar Year 2022 (CY22), OMIG processed 1410 complaints with 1347 complaints involving allegations of beneficiary eligibility fraud. There were also 15 allegations of beneficiaries committing non-eligibility frauds, such as, falsely clocking in a personal care worker. The remaining 48 complaints involved allegations involving providers and contractors. There were 21 complaints that after reviewing the matter did not involve Medicaid and were referred to the correct agency. These typically involved Medicare only.

The breakdown for the how the 1347 complaints involving eligibility fraud in CY 2022 were handled are broken out in the chart below. It must be noted that the public health emergency (PHE) impacted the determination for many allegations. For example, allegations of being over income during the PHE were not considered fraud due to rules in place at the time. The “No Fraud” determination is based on our preliminary review of the matter. The referrals sent to the Clearinghouse for additional review may result in additional determinations of no fraud or possible fraud. If staff at the Clearinghouse and KDHE determines there are indications of fraud, they will refer the information back to OMIG for further consideration. Now that OMIG has investigative staff, the backlog of open cases can be cleared and new allegations given additional review.

Calendar Year	Complaints Screened	Eligibility Complaints	Sent for Review (CH)	No Fraud	Investigations Opened	Referred to Other Offices
2019	227					
2020	650					
2021	1195					
2022	1410	1347	1059	221	27	40
2023	756	708	567	81	39	21

An example of a referral that was opened for further investigation was received from an individual that alleged his ex-wife was falsely claiming their children in order to receive Medicaid. The ex-wife lost custody of their children in 2019 and the children have lived in Colorado that entire time. The ex-wife moved from Colorado to Kansas at the end of 2021 and applied for Medicaid coverage in Kansas on February 14, 2022. She was approved for Caretaker Medical coverage based on income reported and having two dependent children residing with her. Our investigation determined she falsified her application and was not eligible for Medicaid. The State of Kansas has paid \$13,817.66 in capitation payments for Medicaid coverage the subject was illegally receiving.

Thank you for your time this morning. As always, we welcome any suggestions from the Committee on audit, review, or investigation topics.