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

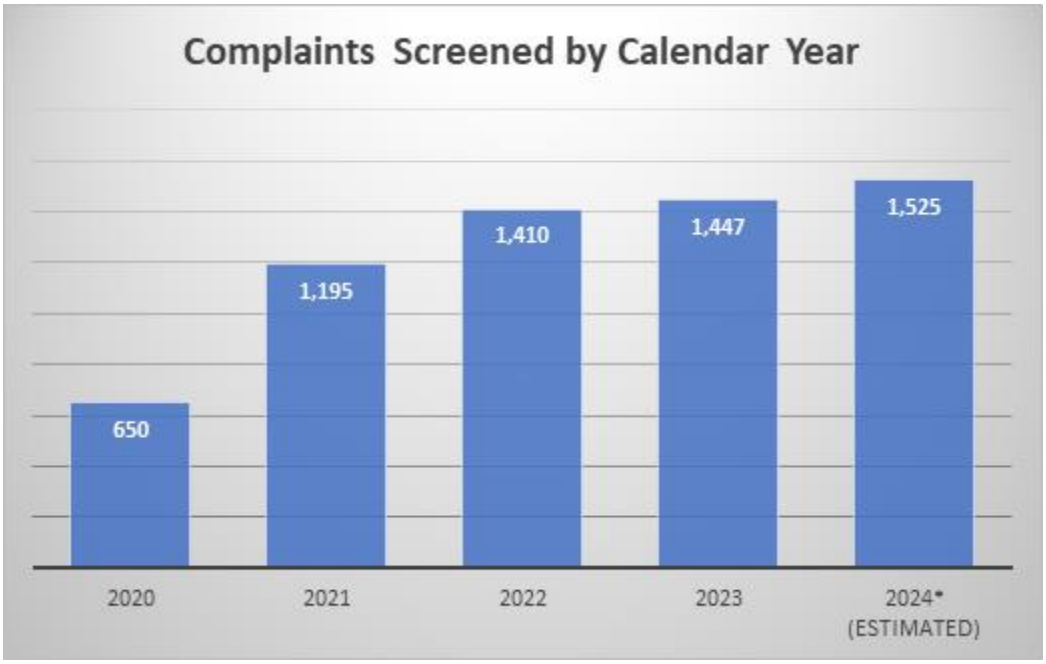
Medicaid Inspector General Update
August 26, 2024

Chair Landwehr and Members of the Committee:

My name is Steve Anderson, Medicaid Inspector General. Thank you for the opportunity to appear today and discuss the Office of the Medicaid Inspector General (OMIG).

We are currently updating our webpage along with the rest of the Attorney General's Office. There will be page specifically for the Office of Medicaid Inspector General that will include a link to an online contact form that members of the public can use to make a report of suspected fraud, waste, abuse, or illegal acts involving Medicaid (KanCare), MediKan, or SCHIP. The page will also include access to all prior annual reports, published audit reports, and press releases. The webpage also has a link to request a presentation or fraud, waste, and abuse training. The link to access the webpage is https://ag.ks.gov/fraud-abuse/medicaid-inspector-general.

The 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) has increased each year. The majority of the complaints involve beneficiary eligibility fraud. In CY 2023, OMIG processed 1,447 complaints with 1,377 complaints involving allegations of beneficiary eligibility fraud. There were 38 of these complaints that after reviewing the matter did not involve Medicaid and were referred to the correct agency. There was one complaint involving a state agency and two involving state employees. There were also 14 allegations of beneficiaries committing non-eligibility frauds. The remaining 53 complaints involved allegations involving providers and contractors. We are currently over 75 complaints ahead of the number processed last year at this time. We are on pace to process an estimated 1,525 complaints this year.



OMIG was finally able to start conducting investigations of eligibility and provider fraud last August with the addition of two special agents. Prior to this addition, OMIG did not have the ability to conduct any type of investigation even though our statute directs OMIG to conduct investigations. An attempt to add staffing for this fiscal year ended when our requested budget increase was vetoed by the Governor.

In the past year, OMIG has opened 129 investigations, with 102 involving eligibility, 11 involving other types of beneficiary fraud, 14 involving provider fraud, and 2 involving state employees. We have referred 6 cases for criminal prosecution with several others being finalized and prepared for referral.

OMIG has closed 30 of the investigations. The reason for closure in 14 cases was allegation disproven, 7 were closed due to insufficient evidence, 4 were closed due to agency error, 3 were submitted for administrative action, and 2 were referred to a regulatory agency. As a result of our work on these investigations, beneficiaries that were not eligible for Medicaid have been removed from the program. This stopped capitation payments to the MCOs resulting a savings of $150,941.60 based on one-year of payments. Additional savings, restitution, and recoveries are anticipated after the cases that have been referred for prosecution are resolved.

The State of Kansas Medicaid program is over a $5.5 billion expenditure each year and the costs continue to rise. The Medicaid program currently serves an average of 467,440 beneficiary each year. OMIG only has nine staff members to conduct all of the investigations, reviews, and audits of this important program. OMIG could easily open 200 additional investigations per year, but simply cannot due to the lack of personnel available. OMIG also has numerous areas identified

that could be audited, which would result in savings, recoveries, waste identified, and improved efficiency and effectiveness. I plan to ask for additional funding for staffing in the upcoming legislative session and would appreciate the support of this Committee in that request.

OMIG has two performance audits that are nearing completion. The first involves the prior authorization process in Kansas for Medicaid recipients. The audit covers the period of January 1, 2021, through December 31, 2022, and will seek to answer the following questions:

1. Are there delays in the peer-to-peer review process under each Managed Care Organization (MCO)?
2. Are Medicaid beneficiaries being placed in observation status when they should be classified as an inpatient?
3. Is there consistency in how each MCO determines the level-of-care (LOC)?

The audit of Medicaid reimbursements for schools is the second audit. The scope of our audit included all Medicaid enrolled students who had services billed on their behalf from a Local Education Agency (LEA) provider within a school-based program from January 1, 2021 through January 31, 2023. The objectives were to obtain sufficient evidence to answer the following questions:

1. Does KDHE have an effective system for processing and tracking school-based Medicaid FFS claim reimbursements?
2. Does KDHE have adequate policies and procedures that promote effective and efficient school-based Medicaid programs?
3. Does KDHE/KSDE have sufficient oversight processes in place to ensure Individual Education Plans (IEP's) are complete, and support medical necessity when services are billed to Medicaid?

An example of a recently opened investigation involves a Medicaid beneficiary that moved from Texas to a town in Oklahoma near the Kansas border with her three children. She never lived in Kansas, but does have a sibling in Kansas. She used the sibling's address on her application for KanCare, but resides in Oklahoma with her father. She has been on KanCare since October of 2023. She has an Oklahoma Driver's License using her father's address that was renewed in July of 2024. It appears based on the allegation and review of files that over $12,000 in capitation payments have been made on the beneficiary's behalf while residing in Oklahoma. The investigation continues and will be referred for prosecution, if appropriate.

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