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

**Medicaid Inspector General Update  
February 2, 2024**

Chair Landwehr 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 2023 annual report and will file it with the Legislature next week. A copy of this report will be available at <https://ag.ks.gov/fraud-abuse/medicaid-inspector-general>. That same web page includes 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 KanCare, MediKan, or SCHIP. The link can also be used to access all prior annual reports and published audit reports.

OMIG issued an interim report on November 1, 2023, recommending that Kansas school districts conduct fingerprint based criminal history background investigations on all school employees on a documented cycle every five years. The interim report revealed that an estimated 31% of Kansas School District employees who provide Medicaid related services to students do not have background investigations on file. This issue was discovered while conducting a performance audit of the Kansas Department of Health and Environment's (KDHE) management of School-Based-Fee-for-Services Medicaid Reimbursements for the state of Kansas. Kansas schools currently receive approximately \$23.5 million in reimbursements for Medicaid services on an annual basis.

The audit involved a random sample of 17 of 287 public school districts across Kansas. It is estimated there are approximately 3,731 Medicaid providers working directly with children in Kansas public schools. Sample testing indicated that 31%, or 1,157 of those providers may be working without a background check. The study also revealed that teachers are only required to

undergo a single background check regardless of length of employment. The report also recommended that all school districts confirm that all employees, regardless of role, have current background investigations on file, and that legislators adopt a law requiring fingerprint-based criminal history background investigations for all school employees on a five-year cycle. The Kansas State Department of Education (KSDE) requires a fingerprint-based criminal history check for licensed staff. There are no State of Kansas statutes that require these checks. We did not find any state level requirements for other school employees to have background checks. This includes other employees, such as, therapists, coaches, paraprofessionals, bus drivers, cooks, and janitorial workers.

The overall audit of Medicaid reimbursements is still ongoing. 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?

OMIG has two additional ongoing performance audits. 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 second audit involves reviewing the Continuing Care Retirement Community (CCRC) registration process for potential fraud, waste, and abuse. Our audit covers the CCRC registration certificates processed from July 1, 2020, to July 31, 2023, and will seek to answer the following questions:

1. Are there currently issues within the legislative language that are allowing these facilities to falsely claim they are a part of a CCRC?

2. Are there currently proper procedures in place to monitor compliance within the CCRC statutes?
3. Are there measures that can be taken to stop potential fraud, waste, and abuse of Federal matching funds?

In cooperation with KDHE, the OMIG developed fraud, waste, and abuse awareness training that was provided to KDHE and contract employees. This program was started in the middle of calendar year 2022. We completed six training sessions and provided the training to 196 employees. For calendar year 2023, we conducted 19 training sessions and provided the training to 831 people. The training is 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 everyone is better prepared to identify fraud, waste, and abuse and how to report it.

An example of a case that was recently opened by OMIG is a caller who reported that she suspected someone was using her Medicaid information to get medication and possibly medical services. She stated that recently, the Area Council on Aging called her and informed her that her application for utility and rental assistance had been approved. The caller stated that she never applied for assistance and that she owns her home. The caller stated she went to pick up her medications and the pharmacist asked if she had prescriptions at another pharmacy. The caller stated that she did not have any prescriptions at any other pharmacy.

The caller also stated that her neurology doctor called her and told her that they could provide medication interaction information about a new medication she asked about. The caller stated that she never asked for this information and that the medication the doctor thought she had inquired about was prescribed for bi-polar disorder and one that the client does not take. She reported the occurrences to local law enforcement who advised her to contact the Fraud Hotline for Medicaid as there is only one officer in her area and he is part-time; therefore, not much could be done by local law enforcement. This matter is under investigation for medical identity theft.

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