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

Medicaid Inspector General Update
June 24, 2024

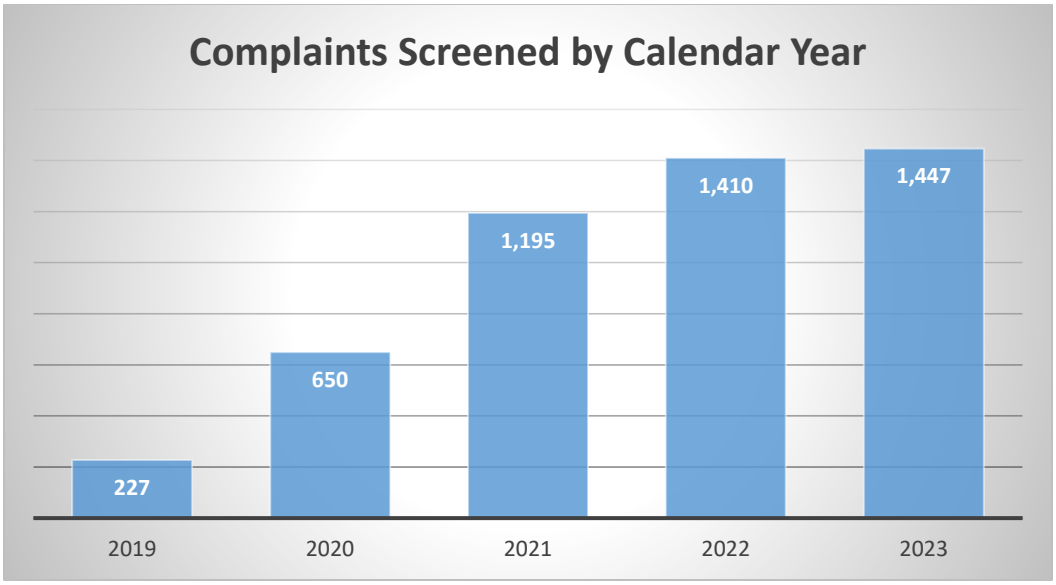
Chair Landwehr and Members of the Committee:

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).

The OMIG finalized its 2023 annual report and published it on February 5, 2024. A copy of the report is 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.

The OMIG continues to oversee an increasing 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 majority of complaints received are submitted by the Kansas Department for Children and Families (DCF) and primarily allege beneficiary eligibility fraud. OMIG staff currently screens each complaint received for substance and jurisdiction. If staff determine there is a need for eligibility clarification, the complaint is forwarded to the KanCare Clearinghouse for review and possible follow-up.

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 about 40 complaints ahead of the number processed last year.



The breakdown for the how the complaints for CY 2022 and CY 2023 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/Jurisdiction" 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. OMIG investigative staff came on board in August of 2023. They are addressing the backlog of open cases and processing new allegations as they are received.

Calendar Year	Complaints Screened	Eligibility Complaints	Sent for Review (CH)	No Fraud/ Jurisdiction	Investigations Opened	Referred to Other Offices
2022	1,410	1,347	1,059	221	27	40
2023	1,447	1,377	1,048	191	112	70

OMIG published an audit report on April 2, 2024, concerning the Continuing Care Retirement Community (CCRC) registration process. The audit covered the CCRC registration certificates processed from July 1, 2020, to August 31, 2023, and sought 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?** The current language and federal guideline do not provide a clear definition of CCRC.

2. **Are there currently proper procedures in place to monitor compliance within the CCRC statutes?** There are proper procedures in place; however, they were not being followed.
3. **Are there measures that can be taken to stop potential fraud, waste, and abuse of Federal matching funds?** There are measures that can be taken, and they were addressed within the final audit report that is available at the link mentioned above.

HB 2784 included recommendations made by OMIG for transferring responsibility for certifying CCRCs from the Kansas Department of Insurance to the Kansas Department for Aging and Disability Services. The State of Kansas will save an estimated $12,274,090.00 each year by properly assessing facilities as not being CCRCs and using the proper quality care assessement of $4,098.00 instead of the incorrect amount of $818.00 per bed.

OMIG has two 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 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?

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 recently opened investigation involves a Medicaid beneficiary that has been using their food assistance benefits exclusively in Colorado since December 2022. A food assistance review was completed in March 2023 and they did not report out of state residency. Multiple attempts to contact beneficiary at the listed telephone number were unsuccessful. The beneficiary has a Colorado DL as of April 2023. The current monthly capitation for the beneficiary is $2,098.97. It appears based on the allegation and review of files that $37,764 in capitation payments have been made on the beneficiary's behalf while they were a resident of Colorado. 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.