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

**Medicaid Inspector General Update
November 2, 2022**

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 has concluded its audit concerning eligibility determinations for Medicaid recipients that have moved out of the State of Kansas. The draft report was transmitted to KDHE for response. It is anticipated the final report will KDHE responses will be published later this month.

The OMIG initiated a performance audits of eligibility determinations for Medicaid recipients on the Transitional Medical Assistance Program (TransMed) and Medicaid beneficiaries with multiple identification numbers.

In cooperation with KDHE, the OMIG has developed fraud awareness training that will be provided to current KDHE employees on an annual basis and to all new KDHE employees. The purpose of the training is to ensure the employees are better prepared to identify fraud schemes and how to report it.

The OMIG continues to oversee an ever-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 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.

Calendar Year	Complaints Screened
2019	227
2020	650
2021	1195
2022 (as of 10/25/22)	1205

At this point last year, we had screened 992 complaints. We are on track to screen more than 1,400 complaints this calendar year.

The current OMIG staffing is six positions, with three being auditors. We added two auditors on June 13, 2022, and they have immediately started making a difference by initiating audits and working on investigations. They were a critical addition to the OMIG's ability to fulfill part of its core mission of conducting audits and performance reviews. As defined in K.S.A. 75-7427(c)(1), the OMIG is directed to establish a full-time program to oversee, audit, investigate, and make performance reviews.

I previously testified that the Legislature should consider increasing the state's capacity for Medicaid eligibility fraud investigations, whether that is by amending the OMIG statute to expand its directive and providing additional resources, or by providing resources to combat eligibility fraud in other agencies. Eligibility fraud investigations have been ignored for several years and should be addressed as soon as practical. See OMIG Audit Report 20-02 for specifics at this link. https://ag.ks.gov/docs/default-source/reports/omig-audit-reports/20-02.pdf?sfvrsn=1676ad1a_3.

To place this need in context, in FY 2021 the OMIG screened 943 complaints involving allegations of eligibility fraud. In FY 2022, this increased to 1,285 complaints involving allegations of eligibility fraud. We are on pace to surpass that number this fiscal year. In response to a question posed about needed staffing, I stated that two investigators and an analyst would provide the staff needed to address these types of complaints.

An example of a referral received by OMIG and referred for prosecution is of a Medicaid beneficiary on the Physically Disabled Waiver who was illegally clocking her personal care attendant in and out. The attendant had died a year earlier. She knew the attendant's access code and had the deceased attendant's pay card in her possession. She pleaded guilty to Medicaid fraud and was ordered to pay \$15,064.28 in restitution and given 12-months' probation.

The divisions of the Kansas Attorney General's Office with the responsibility to investigate fraud, waste, abuse, and other illegal acts involving opioids need to have direct access to the Kansas Tracking and Reporting of Controlled Substances (K-TRACS) information. These divisions are the Kansas Bureau of Investigation, Medicaid Fraud and Abuse, and OMIG. K-TRACS was established by K.S.A. 65-1683, and requires pharmacies to report all schedule II-IV controlled substances and drugs of concern dispensed to Kansas patients on a daily basis.

Currently, law enforcement agencies must have a court order or subpoena to access K-TRACS records. This prevents these agencies from using data mining capabilities to identify pill mill doctors, drug seeking patients, and corrupt pharmacies. Pharmacies and medical offices have routine online access to these records, in part, to help stop crimes related to drug distribution. The process for providing secure access has already been developed. Online access would allow these agencies immediate and complete access to the records that could make a difference in drug-related investigations. The Kansas Attorney General's Office has provided more than \$400,000 in funding to support K-TRACS operations because it understands the value of the

system. It is requested that the necessary changes be made to grant access to K-TRACS so that it can be a greater resource to law enforcement.

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