



DHS Program Integrity Health and Human Services Finance and Policy Committee 2/26/26

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What is program integrity?

- Program integrity is a general term used to describe whether a program or service is structured in a way to achieve its intended purpose.
- In Medicaid, program integrity may include:
 - Appropriate reimbursement methodologies
 - Licensing or other regulatory requirements
 - Data analytics and surveillance
 - Provider and member education
 - Provider credentialing and enrollment
 - Detecting improper payments—unintentional errors or potentially fraudulent billing

Why program integrity matters for Medicaid

Ultimately, preventing, detecting, and stopping fraud helps people who rely on Medicaid for supports and services.

- Medicaid is the largest single source of health insurance in Minnesota, serving over 1 million Minnesotans.
- Medicaid cover over 40% of all of Minnesota's children.
- Minnesota devotes most of its Medicaid spending to seniors and people with disabilities.
- Medicaid pays for more mental health services for Minnesotans than anyone else
- Medicaid covers half of long-term care costs for Minnesota
- Medicaid serves people of all backgrounds across Minnesota, especially in Greater Minnesota.

Saving access to Medicaid hinges on program integrity

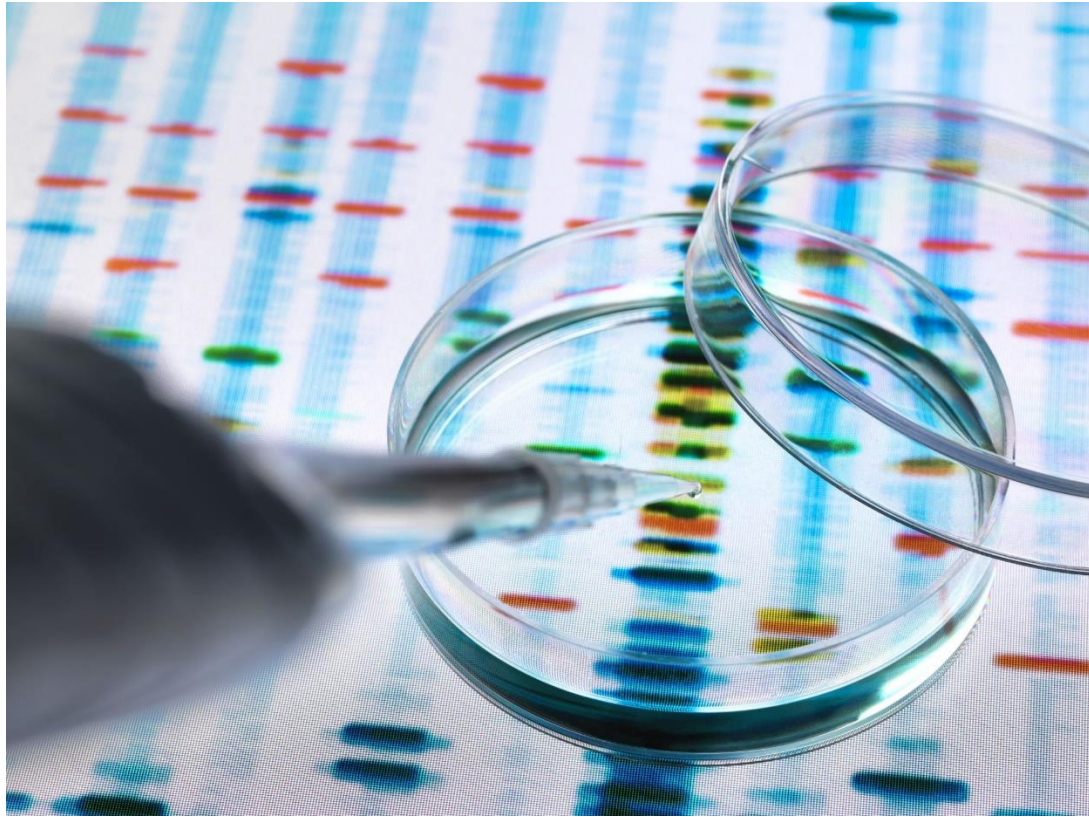
Minnesota *will* be the best state in the nation for Medicaid Program Integrity

- DHS initiated action
- Executive Order 25-10
- CMS Corrective Action Plan

Key Actions Taken...

- Identifying 14 high-risk services and establishing a program integrity dashboard for the public.
- Auditing autism service providers, including on-site visits.
- Discontinuing the Housing Stabilization Services program.
- Establishing a moratorium on adding new service providers in the 14 high-risk services.
- Enhanced pre-payment review before fee-for-service payments are made to providers in the 14 high-risk services.
- Developing plans to review and revalidate providers in the 14 high-risk services.
- Reorganizing DHS to increase program integrity.

DHS Program Integrity Goals



Transparency

Prevention

Detection

Enforcement

Medicaid oversight is a shared responsibility.

- DHS is taking steps to be proactively transparent when it won't compromise our investigative work or reveal private data.
 - Discretion to acknowledge payment withholds.
 - Sharing investigative data with other agencies and more proactively alert those agencies about fraudulent actors.
 - The DHS License Lookup lists current licensing status and any violations for all DHS licensed providers.
 - DHS published a dashboard that is being continually updated to share data on actions taken, open cases, administrative actions, and more.
- DHS has taken recent steps to build transparency, and DHS will continue to inform Minnesotans about current actions to prevent fraud, waste and abuse



- Historically, Medicaid program integrity efforts focused on the recovery of misspent funds, but more recent initiatives also focus on prevention and early detection.
- Prevention efforts involve every step of the Medicaid funding process, from the legislature and setting careful criteria for who can serve as a provider to improving training for staff to prevent fraud



- The agency works to detect fraud, waste and abuse that undermine this essential support.
- **DHS takes a zero-tolerance approach to fraud**, and by detecting it earlier, we can keep Medicaid funds from going to fraudulent providers.
 - DHS is **utilizing new data analytics tools** to uncover fraud and other improper payments.
 - DHS **expanded unannounced onsite visits** to detect fraud, waste and abuse and uncover licensing violations.



Administrative enforcement

- Payment withholds stop Medicaid dollars from continuing to go to fraudulent providers. Already in 2025, DHS has **imposed more than twice as many payment withholds** as we did in other recent years.
- Since 2020, DHS has **conducted over 3,000 investigations and referred over 500 entities to law enforcement.**
- Since 2020, DHS has **identified more than \$50 million for recovery.**
- For every dollar invested in our investigators, we **return \$2.29 in monetary recoveries and cost avoidance.**



Collaboration with Law Enforcement

- Holding entities accountable for fraud, waste, and abuse is a necessary. While DHS can take administrative actions, we collaborate with law enforcement to prosecute fraudsters.
- When DHS uncovers a credible allegation of fraud, we refer the case to the Medicaid Fraud Control Unit (MFCU) at the Minnesota Attorney General's Office for criminal prosecution.
- MFCU and other law enforcement partners, like the U.S. Attorney's Office and FBI, use DHS casework to build a legal case. DHS continues to support our law enforcement partner until they close the case.

Behavioral Health & Housing Implementation Updates

| 2025 Legislation | Implementation Status |
|--|--|
| <p>Substance Use Disorder Mid-point Billing: This change effectively clarifies that providers cannot double-bill within the same unit.</p> | <ul style="list-style-type: none">• Updated the MHCP Provider Manual;• Notified providers through Behavioral Health E-memo• Provider presentations |
| <p>Increased oversight for recovery residences and access to housing funding: recovery residences must be certified, free standing room and board will be phased out by July 1, 2027, and certified Level 2 recovery residences may access housing support.</p> | <ul style="list-style-type: none">• Developing internal standards, policies, and procedures for the certification process.• Created webpage with information and resources.• Drafting RFP for a vendor to create an online portal. |
| <p>MA Recuperative Care program integrity: These changes required a pre-enrollment risk assessment, required provider compliance training.</p> | <ul style="list-style-type: none">• Pre-enrollment risk assessment effective 7/1/2025• Compliance training is being created (effective 1/1/2027) |

Behavioral Health Implementation Updates

| 2025 Legislation | Implementation Status |
|---|--|
| <p>Recovery Community Organization (RCO) Compliance Training: requires DHS to develop a training for owners and managers including topics related to billing, provider enrollment, program integrity, workplace safety, and other standards.</p> | <ul style="list-style-type: none">• DHS is developing a compliance training for owners and managers of RCOs.• Training must be available by July 1, 2026 and implementation is on track to meet this deadline |
| <p>Substance use disorder billing modifications: This proposal disaggregated individual and group counseling into 6 new, separate billings codes that are each 15 minutes.</p> | <p>SPA posted for public comment. On track to implement by July 1, 2026.</p> |

Fraud prevention, detection, and enforcement Implementation Updates

| 2025 Legislation | Implementation Status |
|--|---|
| Prohibition on illegal remunerations (aka “kickbacks”) for Medical Assistance (MA) | Fully implemented as of August 1, 2025. |
| Authority to share data, including claims data, with state and federal agencies to investigate suspected fraud | Have used statute to share information with other state agencies. DHS has shared information with MDE, MDH, BCA, OLA. |
| Authority for DHS to disclose payment withholds | Payment withhold protocol is being implemented to ensure consistency in disclosing withholds. |
| Lifting Statute of Limitation on Surety Bonds | Fully implemented on July 1, 2025 |
| Increased licensing fees | Implemented effective January 1, 2026. Providers will see increased fees on their next renewal. |

Licensing Program Integrity Updates

| 2025 Legislation | Implementation Status |
|--|---|
| Authority to deny licensure applications or temporarily suspend a license for entities that are the subject of pending administrative, civil, or criminal investigation. | DHS Licensing has operationalized and implemented this change and has utilized the authority to issue temporary immediate suspensions and application denials for HCBS. |
| EIDBI licensure and related reforms to improve health and safety and quality of services | DHS began taking maltreatment reports July 1, 2025. Application for provisional license launched January 2026. On track to present full licensing standards for 2027 session. |
| HCBS temporary licensing moratorium | Implemented effective January 1,2026 |
| EIDBI Enrollment Moratorium | Approved from November 1, 2025 – April 30,2026 |

Thank You!