



## Program Integrity at DHS Office of Inspector General

**Jodi Harpstead | Commissioner**

# The Governor's Position and Mine

**Minnesota is a state committed to helping people — and we're committed to providing services that improve the lives of Minnesotans.**

**Fraud against these public programs is unacceptable. It is not a victimless crime, and it harms the same people we're trying to help with these services.**

# The Governor's Position and Mine

**Governor Walz also has a comprehensive package of budget and policy proposals to better prevent, detect, investigate, and punish fraud by:**

- **Strengthening investigation and enforcement authority**
- **Improving detection and oversight**
- **Increasing criminal penalties**

# Scope of OIG Program Integrity Oversight

- **Medicaid Fee-for-service and Managed Care Organizations**
- **Child Care Assistance Program**
- **Great Start Compensation Support Payment Program**
- **Recipients**

# Scope of OIG Program Integrity Oversight

**The OIG detects fraud, waste, abuse, and error and takes action when they find it.**

- **Cases result from tips and referrals plus data analysis**
- **The OIG has a variety of tools to address fraud, waste, abuse, and error**
- **Warnings, stipulated provider agreements, monetary recoveries, fines, payment withholds, suspensions, terminations**

## **Fraud:**

- **Intentional**
- **Criminal**

## **Waste, Abuse, and Error:**

- **Unintentional**
- **Not criminal**

# Fraud, Waste, Abuse and Error

- **DHS OIG has many tools to deal with fraud, waste, abuse, and error on its own.**
- **When there are indicators of criminal fraud, we call on one of many partners to consider pursuing prosecution:**
  - **The Bureau of Criminal Affairs in the Dept. of Public Safety**
  - **The Medicaid Fraud Control Unit (MFCU) in the Attorney General's Office for Medicaid Fraud**
  - **The Federal OIG in Health and Human Services**
- **When we do this, we often need to step back from steps we might take so as not to hamper their investigations.**

# Fraud, Waste, Abuse and Error

- **Over 80% of the time, when you hear about an investigation by the Attorney General's Office or the Federal OIG, DHS is involved and, in fact, referred the case to them.**
- **Media stories about search warrants, investigations, and prosecution for fraud often leave DHS's role out of the story.**



# DHS and Feeding our Future Fraud

- **In 2022, when the Feeding our Future story went public, DHS scrubbed every Medicaid dollar, every Childcare Assistance Program dollar, and every grant known to DHS and found NO fraud in DHS perpetrated by the folks who perpetrated it in Feeding our Future, except the folks we were already watching.**
- **Even so, we studied court records for credible allegations of fraud, stopped payment on 55 organizations, and disqualified 26 individuals from DHS services for 15 years.**
- **We have repeated that process as new indictments have come out since.**

**In 2023, we also submitted a proposal to the Governor's Budget, which was passed into law, giving us greater freedom to take action when fraud is discovered in other state agencies.**

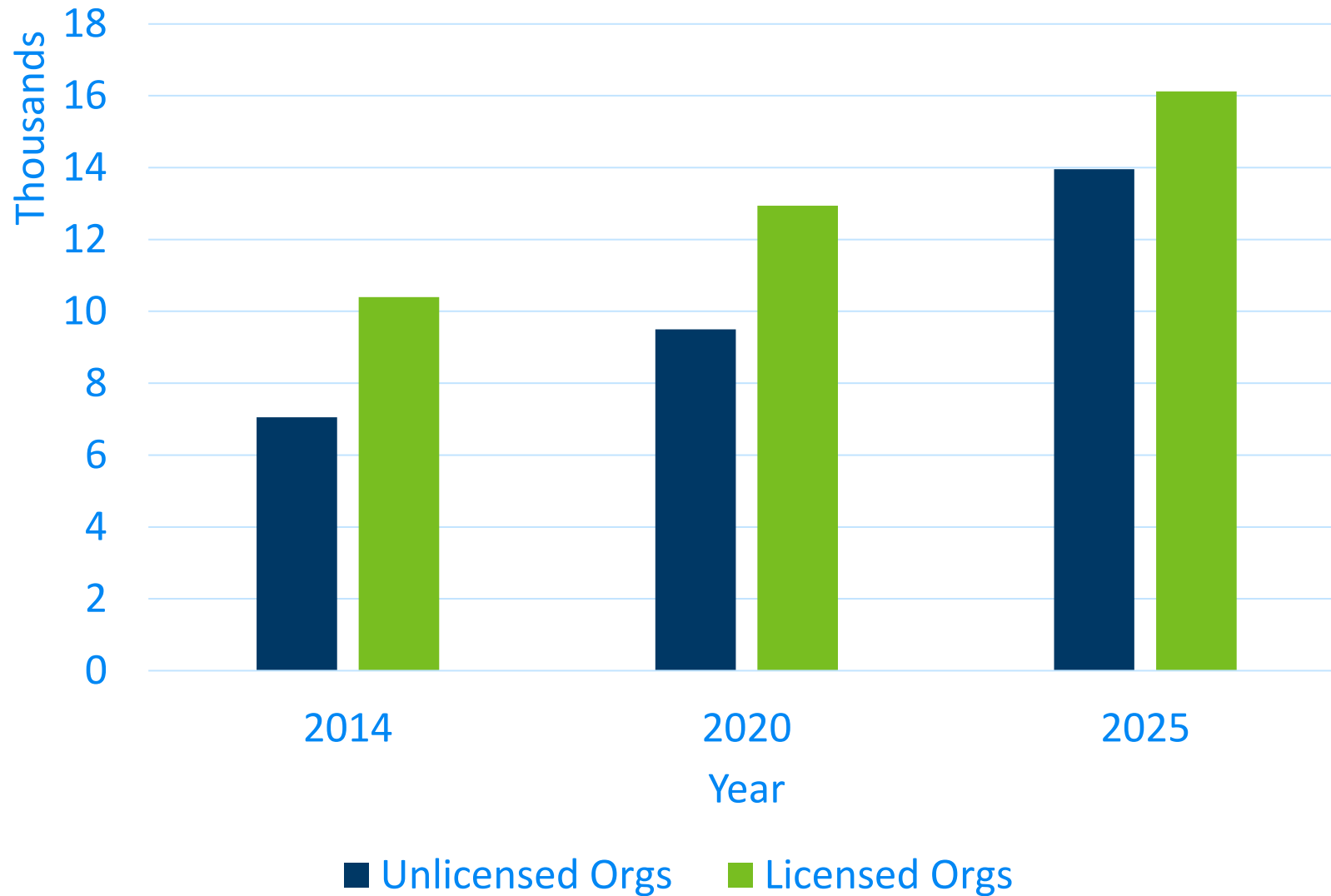
# Overall Fraud Performance

- **Over the past 5 ½ years, DHS has investigated 4,000 entities.**
- **We have stopped payment on 750 of them.**
- **While that may seem like a lot, it is only .5% of all the entities DHS oversees.**

# Focus of OIG Over the Years

- **As we work together with the Legislature to support ongoing services, we often add budget for licensing, background checks, etc. to services to make them work well for the community.**
- **We usually only add capacity for fraud investigation and action when a major fraud story hits the media.**
- **As a result, our OIG Office is staffed as follows:**
  - **Program Integrity Office & Fraud Unit                      91 people**
  - **Licensing, Background Checks, etc.                      406 people**

# Growth of Licensed and Unlicensed Organizations



# Program Integrity & Compliance Resources



Over the past 10 years, growth in total MA spending outpaces the growth in DHS staff, including program integrity and compliance staff.



As we're developing new, innovative services we *all* need to be cognizant of the impact on program integrity, provider education, and compliance staff at DHS and ensure appropriate guardrails are required in statute.

# Recent Growth of Unlicensed Medicaid Services

**The unlicensed services that have recently raised anxiety about fraud include:**

- **Autism Services**
- **SUD Peer Recovery Services**
- **Housing Stabilization Services**

- **One of those unlicensed services is our Autism Services, also known as Early Intensive Developmental and Behavioral Intervention, or EIDBI.**
- **This is an essential service, by the way, for dealing with the behavioral health crisis in Minnesota. It is a rapidly growing service as autism diagnoses have increased by 400% since the year 2000.**
- **Fast growth often makes folks anxious about the possibility of fraud.**



- **Over the past two months, investigators from DHS have done site visits on over 164 autism providers to see if we need to investigate any for fraud.**
- **Our preliminary study of what we have learned points more toward issues of administrative or compliance issues, and not to widespread fraud.**
- **Still, we have referred 24 of those providers to investigation for fraud.**
- **We are now doing site visits on a second batch of providers and can report what we learn from that later.**

# Gaps Impacting DHS Program Integrity

Authority to share data with other agencies limits DHS's ability to collaborate across state government.

Current law prohibits DHS from sharing information about payment withholds.

State law does not include prohibition on incenting individuals to use a particular service by offering a kickback.

Payment integrity clarification is necessary to prevent inappropriate billing.

Current surveillance tools are insufficient to detect complex fraud schemes.

Increase in MA unlicensed services (EIDBI, Housing Stabilization, Peer Recovery Services)

# Solution: Improve Interagency Data Sharing

**Authority to share data with other agencies limits DHS's ability to collaborate across state government.**

- **Expands DHS ability to immediately suspend a program's license if a controlling individual, and not just the license holder, is criminally charged with offenses such as fraud or theft.**
- **Allows for a payment withhold when there is a criminal conviction related to fraud involving another state or federal agency.**
- **Allows DHS to implement a payment withhold when a license is revoked or suspended, by DHS or any other state/federal agency.**
- **Allows DHS to issue a payment withhold when someone has a background study disqualification.**

# Solution: Transparent Payment Withhold Information



Current law classifies information about payment withholds as investigative data and cannot be disclosed pursuant to the Minnesota Data Practice Act.



This inhibits DHS's ability to be transparent that the agency is taking action to address serious concerns to legislators and the general public.

# Solution: Prohibiting Kickbacks

**This proposal would make it illegal to financially incentivize clients to choose one provider over another.**

- **This would make kickbacks a crime in state law and allow the Medicaid Fraud Control Unit (MFCU) at the Attorney General's office to pursue criminal charges.**
- **Improves outcomes by ensuring people have access to high-quality services that meet their needs.**

# Solution: Curb Inappropriate Billing



**This proposal clarifies that providers cannot double bill for the same service and changes SUD outpatient billing units to 15-minute units.**



**Reduces the length of billing units to enhance person-centered, customizable care and leads to more accurate billing.**

# Solution: Expand & Enhance Surveillance Tools

- **This proposal expands DHS surveillance tools to improve our ability to detect and address complex fraud schemes.**
- **Establishes proactive approach to fraud detection and prevention using modern technologies, including Artificial Intelligence.**
- **Invests in case management technology to support data storage, processing, and analytics tools.**
- **Creates an AI fraud analytics unit in DHS OIG.**

# Solution: Provisional License for EIDBI

Requires DHS to develop a provisional license for EIDBI agencies by July 2025.

Specifies that DHS has maltreatment investigative authority for EIDBI.

Provides resources to revalidate agencies every 3 years instead of every 5 years.

Requires that background studies are cleared prior to enrollment.

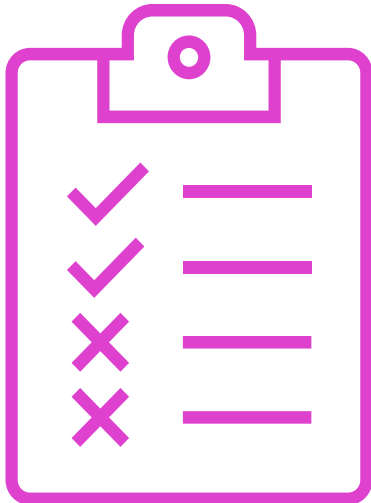
Implements processes to assess claims before payment to ensure medical necessity.



Full licensure requires additional legislative authorization. In the meantime, DHS will engage with people, advocates, and providers to finalize standards.



# Additional Program Integrity Tools Needed



**Clarifies law to ensure DHS can collect from surety bond companies.**

**Provides resources for more fraud investigators and provider enrollment screening and revalidation staff to prevent and detect errors, improper billing, and fraud.**

**Four additional oversight specialists are necessary to coordinate with and audit the MCO's program integrity and compliance activities.**

**Three additional staff to support Housing Stabilization Services eligibility and ongoing provider training, technical assistance, and community engagement.**

# Stopping Payment

- **In recent years, DHS has had to take action against one very large, statewide provider serving 100s of people in residential services for taking shortcuts and not following way too many rules, such as home safety and appropriate supervision.**
- **We knew the provider was looking to sell its organization to another larger one. We added investigative visits to be sure people were properly and safely cared for, while staying updated on the sale process. In the end, the new provider took over, cleaning up all the problems and hundreds of people did NOT lose their housing.**

# Stopping Payment

- **If we had stopped payment immediately, 100s of people would have been without housing, and the final financial outcome for the state would have been roughly the same.**
- **In other, smaller cases, we are often asked by our state and federal partners not to stop payments so as to not interfere with their investigations.**

- **We have done 4,000 investigations in the past 5 ½ years and stopped payment to 750 entities, or .5% of the entities we oversee.**
- **We have found no fraud in DHS from Feeding our Future indicted parties but still stopped payments and disqualified individuals.**
- **We've done site visits to 164 autism providers and found primarily compliance issues but still referred 24 to fraud investigations.**

- **AND, we have submitted a robust list of proposals to the Governor's Anti-Fraud Package to further invest in new tools and our ability to root out and deal with fraud.**
- **Because there is nothing more important for DHS than to be Trustworthy to the people of Minnesota!**

Questions?

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