

UPDATED
SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2217

As Amended by House Committee on Health
and Human Services

Brief*

HB 2217, as amended, would expand the scope of the Inspector General within the Office of the Attorney General to include the audit, investigation, and performance review of all state cash, food, and health assistance programs. The bill would grant the Inspector General the power to subpoena, administer oaths, and execute search warrants. The bill would also add and amend several definitions and make technical, clarifying, and conforming amendments.

Definitions

The bill would add the following definitions:

- “Cash assistance” would mean assistance that is administered and provided by the Secretary for Children and Families to individuals for a family’s ongoing basic needs;
- “Food assistance” would mean assistance that is administered by the U.S. Department of Agriculture and provided by the Secretary for Children and Families to individuals for eligible food products; and

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

- “Health assistance” would mean the Medicaid program and the state Children’s Health Insurance Program (CHIP).

The bill would amend the definitions for “claim,” “client,” “contractor,” “contractor files,” “fiscal agent,” “provider,” “recipient,” and “records” to replace references to “Medicaid, the state MediKan program, or the state Children’s Health Insurance Program” with “any cash, food or health assistance program.”

The definition of “healthcare provider” would be amended to replace a reference to “Medicaid, the state MediKan program, or the state Children’s Health Insurance Program” with “health assistance program.”

The bill would remove language exempting the following from the definition of “records”: any report or record in any format made pursuant to statutes pertaining to risk management programs for health care facilities, health care provider reporting requirements, and reports relating to impaired providers, which are privileged pursuant to statutes relating to health care provider peer reviews or confidential and privileged reports.

Office of the Inspector General

Purpose

The bill would clarify the purpose of the Office of the Inspector General (OIG) full-time program of audit, investigation, and performance review to provide increased accountability, integrity, and oversight of any state cash, food, or health assistance programs and to assist in improving agency and program operations and in deterring and identifying fraud, waste, abuse, and other illegal acts. [Note: Current law provides only for a full-time program to audit, investigate, and perform such reviews of the state Medicaid program, the MediKan program, and CHIP.]

Prohibited Employment

The bill would prohibit a former or current Inspector General from being employed as an executive or manager for any program or agency subject to oversight by the OIG for two years after such Inspector General's period of service as the Inspector General has concluded.

Removal from Office

The bill would require the Attorney General to remove the Inspector General from office prior to the expiration of the Inspector General's term for cause. [Note: Current law provides the Attorney General may remove an Inspector General for cause.]

Duties of Inspector General

The bill would expand the duties of the Inspector General to require the oversight, audit, investigation, and performance reviews of any state cash, food, or health assistance program. [Note: Current law limits such duties to state Medicaid, MediKan, and CHIP programs.]

Reporting to Attorney General

The bill would specify that the Inspector General is required to report finding credible evidence of "significant levels" of fraud, waste, abuse, or other illegal acts to the Attorney General.

Cases for Prosecution

Continuing law allows the Inspector General to present for prosecution the findings of any criminal investigation to the Attorney General or the Office of the U.S. Attorney in Kansas. The bill would allow the Inspector General to also present such findings for prosecution to any applicable district or county attorney.

Powers of the Inspector General and Designees

The bill would grant the Inspector General and their designees the following additional powers:

- Original jurisdiction to investigate crimes related to public assistance, including:
 - Violations of the Kansas Medicaid Fraud Control Act;
 - Fraud pertaining to eligibility for cash, food assistance, child care subsidy, and medical assistance;
 - Fraudulent acts involving obtaining assistance; and
 - Violations related to records held by a provider to which the Attorney General is allowed access ;
- The power to issue, serve, or cause to be served subpoenas or other process of service in the aid of investigations;
- The power to compel by subpoena the attendance and testimony of witnesses and the production of books, electronic records, and papers as directly related to state cash, food, and health assistance programs;
- The power to administer oaths and take sworn statements under penalty of perjury;
- The power to serve and execute in any county search warrants that relate to investigations being executed by the OIG; and
- Access to contractor files, limited to those files necessary to verify the accuracy of the contractors' invoices or its compliance with contract provisions. No health care provider would be compelled to

provide individual medical records of patients who are not clients of such a program or programs. [Note: This is current law that would be re-designated as one of the powers granted to the Inspector General and their designee.]

Reporting to Health Care Provider Regulatory Agencies

When the Inspector General determines that reasonable suspicion exists that an act relating to the violation of an agency licensure or regulatory standard has been committed by a vendor, contractor, or health care provider who is licensed or regulated by an agency, continuing law requires the Inspector General to immediately notify such agency of the possible violation. The bill would add an exception to the reporting requirement if such notification would jeopardize an ongoing criminal investigation.

Content of Annual Inspector General Report

The bill would add the type of audit conducted to the list of required items to be included in the Inspector General's annual report. The bill would remove the requirement for the annual report to include aggregate provider billing and payment information as well as the reference to the programs administered by the Kansas Department of Health and Environment.

Background

The bill was introduced by the House Committee on Health and Human Services by Representative Bryce on behalf of the Office of the Attorney General (OAG).

House Committee on Health and Human Services

In the House Committee hearing, **proponent** testimony was provided by the Medicaid Inspector General, who stated

the bill would expand the existing responsibilities of the Office of Medicaid Inspector General to allow for the investigation of fraud, waste, abuse, and other illegal acts in all Kansas cash, food, and health assistance programs to ensure taxpayer dollars are properly spent and fraud, waste, and abuse are deterred.

Written-only **opponent** testimony was provided by representatives of the Department for Children and Families, Kansas Department for Aging and Disability Services, and Kansas Action for Children.

No other testimony was provided.

The House Committee amended the bill to remove the state employee health benefits plan from the definition of “health assistance.”

The House Committee recommended the bill favorably for passage, as amended, on February 14, 2025, but the bill was withdrawn from the House Calendar and referred to the House Committee on Federal and State Affairs on February 18, 2025. The bill was then withdrawn from the House Committee on Federal and State Affairs and rereferred to the House Committee on Health and Human Services on February 27, 2025. On March 4, 2025, the House Committee on Health and Human Services again recommended the bill favorably for passage as previously amended on February 14, 2025.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the OAG indicates that enactment of the bill would increase expenditures of the OIG by approximately \$1.0 million from the State General Fund beginning in FY 2026. The new expenditures would include salaries and fringe benefit costs for 9.00 additional full-time personnel required plus operating expenses to perform the

expected additional audits, reviews, and investigations of fraud, waste, abuse, and other illegal acts. The additional staff would allow the OIG to conduct at least five additional audits, two reviews, and 80 investigations per year.

The OAG states that the increased expenditures would be offset by the fraud that is prevented and the identification of wasteful spending, overpayments, and program savings. For example, since calendar year 2021, the OIG has released five audit reports, three reviews, and one interim report. In the reports, OIG identified \$300.0 million in wasteful spending, \$6.3 million in overpayments, \$25.0 million in savings, 34 findings, and made 83 recommendations. The recommendations have led to improved processes within the management of Medicaid programs. In the past year, OIG has opened 129 investigations, with 102 involving eligibility fraud, 11 involving other types of beneficiary fraud, 14 involving provider fraud, and two involving state employees. The OAG has referred seven cases for criminal prosecution, with several others being finalized and prepared for referral. The OIG has referred several provider fraud cases that could result in a civil recovery of over \$60.0 million. The OIG states that it could easily open 200 additional investigations per year if it had additional personnel available. The OIG also has numerous areas identified that could be audited, which would result in additional savings, recoveries, waste identified, and improved efficiency and effectiveness.

The Kansas Department of Health and Environment, the Kansas Bureau of Investigation, and the Department for Children and Families (DCF) indicate that enactment of the bill would have no fiscal effect on the agencies. DCF currently has staff to investigate cash and food assistance cases. It is assumed these activities would continue within DCF with the current staff. Any fiscal effect associated with the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Inspector General; cash assistance; food assistance; medical assistance; Attorney General; Medicaid; Supplemental Nutrition Assistance Program; Temporary Assistance for Needy Families; Department for Children and Families