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Testimony in Support of Senate Bill 488

**Presented to the Senate Public Health and Welfare Committee
By Steven D. Anderson, CIG, Medicaid Inspector General**

February 19, 2024

Chair Gossage and Members of the Committee:

Thank you for the opportunity to appear today and provide testimony concerning Senate Bill 488. I am Steve Anderson, Medicaid Inspector General.

"We cannot perform our constitutional mandate of oversight without [inspectors general] Their work makes government more transparent, and more accountable, and that strengthens the public's trust in our republic.... In this way, these watchdogs serve an indispensable function in our system of checks and balances." Sen Charles Grassley

The Office of Medicaid Inspector General (OMIG) is a division within the Kansas Attorney General's Office responsible for investigating fraud, waste, abuse, and other illegal acts involving Medicaid related programs in Kansas. The proposed changes in SB 488 would revise K.S.A. 75-7427 to expand the responsibilities and oversight capabilities of the office to include all Kansas cash, food, and health assistance programs.

There are currently 17 states that have an inspector general's office that focuses on healthcare and/or welfare programs, Kansas is one of those states. However, our authority is currently limited to Medicaid. By expanding the scope of Kansas OMIG, we would be able to identify more fraud, wasteful spending and savings for Kansas. Not only will this ensure that every Kansas taxpayer's dollar is spent properly, it will deter future fraud, waste, and abuse.

Since calendar year 2021, OMIG has released four audit reports, three reviews, and one interim report. In these reports, OMIG identified \$211,245,600 in wasteful spending, \$6,294,158 in

overpayments, \$12,220,651 in savings, 19 findings, and made 64 recommendations. This was all done under the limited scope of Medicaid with only 9 staff members. Currently, OMIG consists of the Inspector General, three auditors, two analysts, two special agents and a part-time investigative assistant. The recommendations have led to improved processes within the management of Medicaid programs. The referenced reports and our annual reports can be accessed at <https://ag.ks.gov/fraud-abuse/medicaid-inspector-general>.

If this bill were to become law, our ability to root out fraud, waste, and abuse would dramatically increase, but we would need more resources to be able to effectively conduct audits, reviews, and investigations in these additional programs, we are requesting 20 additional staff members. The requested additional funding for FY 2025 is \$2,980,031 and \$2,402,743 for FY 2026. The increased funding will be offset by the fraud that is prevented and the identification of wasteful spending, overpayments, and program savings. The additional staff will allow our office to conduct at least nine additional audits, four reviews, and 120 investigations per year.

The OMIG focused the majority of its attention on audits and reviews prior to FY 2024. The OMIG did not have special agent or analyst staff to conduct investigations until then. The OMIG has opened 75 investigations with 66 of the investigations involving Medicaid eligibility fraud, one involved a contractor, and eight involved Medicaid providers. OMIG has closed 18 of the cases, with four of them closed due to disproven allegations. Four were also closed due to insufficient evidence to develop the case further. The remaining ten cases were referred to other offices for consideration of potential criminal, civil, or administrative action. Two of the cases have been referred for prosecution with the outcome pending. A case where the subject provided false income and household composition information in order to be placed on Medicaid and to receive food assistance illegally, resulted in a diversion agreement.

Concerns raised by DCF's handling of a recent case in Topeka highlight the need for additional oversight of these programs and an independent investigative authority to conduct internal investigations. Expanding OMIG's capabilities and authority would be a step in the right direction. It is recommended that OMIG be changed to the Health and Human Services Office of Inspector General (OIG). The OIG's mission would be the prevention, detection, audit, inspection, review, and investigation of fraud, waste, abuse, and other illegal acts in the provision and delivery of all health and human services in the State of Kansas, including services through any state-administered health or human services program that is wholly or partially federally funded, and the enforcement of state laws relating to the provision of these services.

The House of Representative's Health and Human Services Committee and the Senate's Public Health and Welfare Committee would benefit from the work of an expanded OIG. The OMIG currently provides informational briefings and reports on audits, reviews, and investigations involving Medicaid related programs to the Robert G. (Bob) Bethell Joint Committee on Home

& Community Based Services and KanCare Oversight. The OIG's testimony would provide independent and unbiased information to these important oversight committees.

As the OMIG division exists today, we have been able to identify over \$200 million dollars in fraud, waste, and abuse. By expanding the authority of this office, we can do even more to protect Kansas taxpayers and hold the government accountable.

Thank you for your time. I will be happy to answer questions.