



2017 Annual Report

Office of Inspector General

August 2018



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Message from Inspector General

2017 was an important year for the Office of Inspector General at Minnesota Department of Human Services. In addition to the activities and data highlighted in this annual report, OIG staff made substantial progress on a strategic planning process, including adopting our new mission statement that defines the important work we do every day:

The Office of Inspector General, in partnership with others, promotes the health, safety and well-being of children and adults by providing comprehensive oversight and accountability of services and funds.

We also developed an OIG vision and values statement and set five priorities or key initiatives: operational excellence, technology, relationship management, equity and diversity, and employer of choice. These will guide our work in the years ahead.

During the past year, we have also made significant progress carrying out our mission through our daily work. In the Background Studies Division, staff have eliminated a backlog and launched a new improved background study process as the result of a two-year continuous improvement project. The backlog elimination project, which resulted in the successful completion of more than 16,000 background studies in seven months, was a finalist for the 2107 Governor's Better Government Award, which recognizes achievement in state government.

The Licensing and Background Studies divisions together met with more than 2,000 child care providers across the state to prepare for implementation of legislative changes designed to comply with the re-authorized federal Child Care Development Block Grant, including enhanced background checks. In addition to other implementation work, the Licensing Division also added staff as it developed a new model for county oversight.

Meanwhile, the Financial and Fraud Abuse Investigations Division added staff to increase its capacity to investigate health and child care provider fraud. Its Surveillance and Integrity Review Section launched a continuous improvement process to become more nimble, effective and technologically savvy in its work.

I joined DHS as the inspector general in March 2017. The year went quickly and I have continued to be impressed by the dedication and passion of the staff for the important work of the OIG and to the people we serve. We look forward to continuing our mission to provide comprehensive oversight and accountability of services and funds for all Minnesotans.



Carolyn Ham
Inspector General

Background Studies Division

The Background Studies Division conducts required background studies on specific individuals. They include:

- Applicants for licensure and current and/or prospective employees/contractors who will have direct contact with vulnerable populations;
- Volunteers who will have unsupervised direct contact with vulnerable populations (e.g., student interns);
- Anyone age 13 and over living in a household where a licensed program will be provided (e.g., child and adult foster care).

To help protect people who receive health care and human services, individuals with certain criminal or maltreatment histories are disqualified by law from working in various settings that serve children and vulnerable adults. Background studies are governed by Minnesota Statutes, Chapter 245C, the Human Services Background Study Act.

Individuals affiliated with these programs are required to undergo background studies. All applicants for a license issued by the Minnesota Department of Health (MDH) and the Department of Human Services (DHS), as well as the owners and managerial officials, are required to undergo a background study.

Figure 1: Range of entities for which DHS conducts background studies



If the human services commissioner has reasonable cause to believe a disqualifying criminal or maltreatment history exists, background studies may also be required of individuals who may have unsupervised access to vulnerable populations without providing direct contact services (e.g., a frequently visiting boyfriend of a child foster care provider or an individual age 10-to-12 living in a household where a licensed program will be provided).

All background studies include a review of criminal records obtained from the Minnesota Bureau of Criminal Apprehension (BCA), including the state Predatory Offender Registry, and records of individuals who have been found responsible for maltreatment of a child or vulnerable adult by Minnesota counties, MDH or DHS. There are three instances in which the background study also includes a national criminal history record check through the FBI: when there is reasonable cause to believe the individual has a record in another state; when the individual resides outside Minnesota and the study relates to a licensed nursing home, home care agency or boarding care home; or when the study relates to child foster care or adoption.

Studies for child foster care and adoption include a check of child abuse and neglect findings in any state where the individual has lived in the past five years. Studies for out-of-state residents working in nursing homes, home care agencies or board and care homes include a check for maltreatment in their state of residence. Many background studies require DHS staff to obtain and review records from other states.

The Human Services Background Study Act defines acts and offenses that disqualify an individual from any position having direct contact with, or access to, persons receiving services. The law also specifies whether a disqualification is permanent or time-limited.

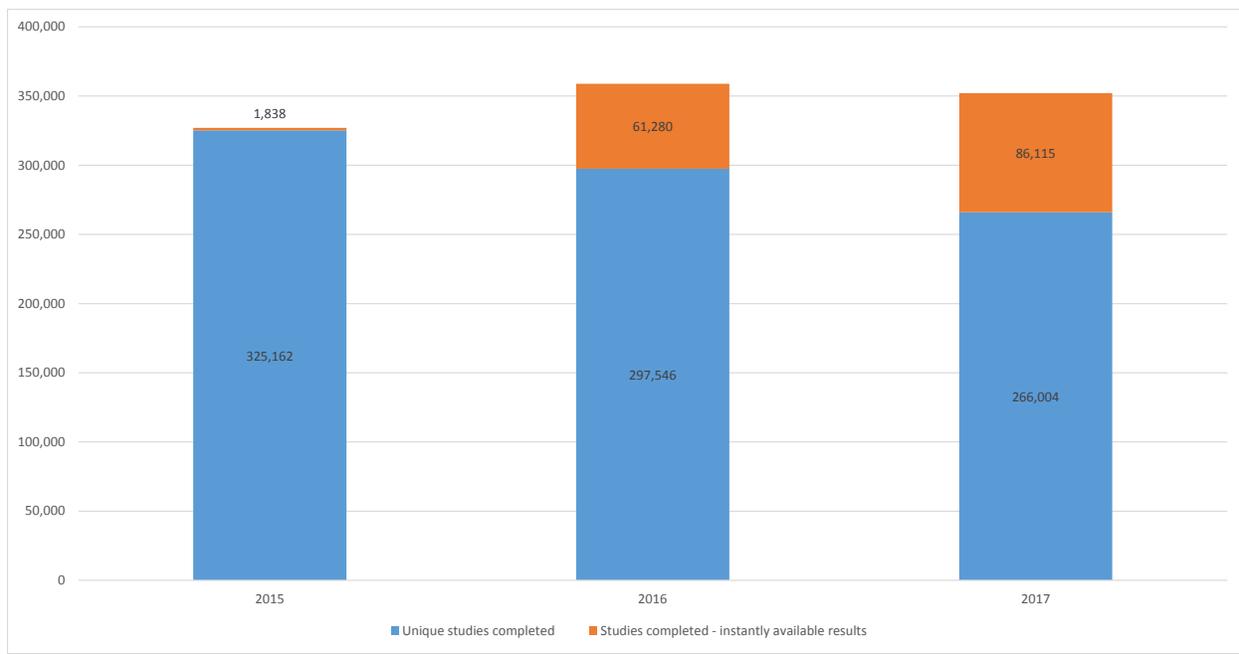
Table 1: Background studies completed by year

This shows the number of background studies that were completed for the past five years and the number of disqualifications that resulted. The percent of studies resulting in disqualification has fluctuated slightly over the past five years, ranging from 2 to 4 percent.

Studies completed and disqualification	2013	2014	2015	2016	2017
Studies completed	277,906	311,961	327,000	358,826	352,119
Disqualifications	6,235	9,276	12,622	10,726	7,036
Percentage of studies resulting in disqualification	2%	3%	3.8%	3%	2%

Figure 2: Background studies completed by type

In most cases¹, once a person undergoes a fingerprint-based background study through NETStudy 2.0 and receives an eligible determination, his or her eligible determination is transferable or instantly available to a new provider initiating a study. Figure 1 illustrates how as more individuals have undergone studies in NETStudy 2.0 and received eligible determinations, the number of studies completed by providers via instantly available eligible determinations has also steadily increased, creating efficiencies for both providers and DHS.



2017 Accomplishments

NETStudy 2.0 - Phase 2 and beyond

In August 2017, the Background Studies Division completed transitioning all provider types for which DHS conducts background studies to NETStudy 2.0, a significantly enhanced background study system. This work began in 2015 and involved more than 13,000 providers. The enhanced system uses fingerprints to conduct quicker, more accurate background checks and monitors the criminal activity of people who have already completed background studies with real-time updates from the Minnesota Court Information System and updated information regarding substantiated maltreatment. It uses photographs to confirm the identity of background study subjects and provides employees with quicker access to qualified staff, as well as administrative efficiencies.

In late 2017, the division began transitioning individual background studies of providers' active employees, completed in the old background system, to NETStudy 2.0 and the work will continue through 2018. A new background study is not required, but the names and background study determinations need to be added to providers' lists (rosters) of people who are affiliated with their programs. Once added to the roster, the background study is updated if new state criminal information is reported. Providers are informed if a study subject is added to the list of people excluded from serving in any setting reimbursed with Medicaid funds (eliminating the need for employers to perform this monthly duty specified under federal law).

Background studies completed through inter-agency agreements will also be added to the system. Examples include background studies on prospective guardians and conservators, guardians ad litem, and background studies for a number of tribal organizations related to prospective child foster care and adoptive homes.

¹Subject must have provided their Social Security number in connection with the background study and the new provider initiating a study must be subject to the same background study requirements

NETStudy 2.0 speeds study results

- In 2107, 90 percent of background studies completed had results that cleared based on legal requirements built into NETStudy 2.0.
- 24 percent of studies had a result that was instantly available to the initiating entity.
- 66 percent of studies had a cleared result available to the provider within a few hours of DHS receiving a response from the BCA.

Employers praise enhanced system

- “The turnaround time to get results is a lot faster with the NETStudy 2.0 system. We are looking forward to having all of our employees on the roster so we can get real-time updates.”
—Hospital
- “It is beneficial in providing the best service we can to our vulnerable adults. Thank you for moving the state forward! The roster will be a great benefit going forth. When more people are fingerprinted . . . the process is much faster.”
—Home and Community Based Services provider
- “User friendly, easy to navigate the website. There are a number of times the determination in NETStudy 2.0 is quicker than it was in NETStudy.”
– Assisted living and home care provider
- “We like that we receive study results, for the most part, much quicker. The email notifications are a good way to keep track of where our new hires are at in the process, as it may affect their ability to begin employment or provide direct contact services. There are some good resources available for initial training (the user manual, the YouTube videos, the webinar call-in opportunities) and initial use.”
– Home and Community Based Services provider

Continuous improvement project

The Background Studies Division partnered with the DHS Office of Continuous Improvement during 2017 to identify opportunities and implement ideas to improve background study processes and procedures. This resulted in numerous improvements and efficiencies, and transformational changes that will benefit the division for years to come. They included:

- Applying continuous improvement principles to background study business processes to increase efficiency, eliminate waste, and improve customer and staff experience. Phase 1 of the newly designed process was implemented Nov. 6, 2017.
- Transforming the division’s approach to dealing with new background studies that “hit” on criminal or maltreatment information and implementing a triaging process to review new studies. Triaging reduced the number of studies that are handed off to other staff for action by about 60 percent, and most studies are now handled the day they are received by trained triage staff. This has resulted in improved customer service for subjects, providers and people receiving health and human services.
- Resolving backlogs in various areas through special projects and more efficient processes, reducing pressure on staff and allowing them to focus time and effort on current work.

Better Government Award finalist – Background Studies Backlog Elimination Project

As the Background Studies Division was preparing to transition fully to NETStudy 2.0 in the spring of 2017, it committed to closing and completing studies left open in the legacy Licensing Information System IT (LIS). This effort aimed to complete 16,094 open background studies. Teaming up with the DHS Office of Continuous Improvement, the division created and implemented a plan for systematically eliminating this backlog.

As a result of this effort, staff successfully completed 16,094 studies between March 2017 and September 2017. The success of this project had a tremendous positive impact on staff and their customers in many ways, including:

- Assisting providers in cleaning up their active employee roster in LIS in anticipation of transitioning their rosters to NETStudy 2.0;
- Reducing pressure on staff and allowing them to focus time and effort on current work; and
- Increasing available work space with the removal of multiple filing cabinets storing backlog studies.

In 2018, the DHS Background Studies Backlog Project was named a finalist for the 2017 Governor’s Better Government Awards. The awards recognize individual and organizational achievements within Minnesota state government that provide great customer service, make the state a great place to work, and have results that are worth sharing enterprise wide. The project was one of eight finalists in the “Great Results” category of the award series.

National criminal record checks

DHS hopes to pursue legislative authority to expand every background study to include a national criminal record check through the FBI. This is important because serious crimes committed in other states can be missed without an FBI record check. The FBI is also developing a system that will automatically inform DHS when a background study subject who had a fingerprint-based FBI record check commits a subsequent crime in any state. This is especially important for background study subjects who work in Minnesota but reside in bordering states.

Child care background study changes

In 2017, the Minnesota Legislature enacted significant changes in the background study law, in addition to those made in 2016, to align with federal requirements for the Child Care and Development Block Grant Act of 2014. All background studies for child care settings will need to be fingerprint-based and include a national criminal history record check using a query of records maintained by the FBI, except for minors who are living in the family home who have no role in the family child care business.

Child care stakeholder engagement collaboration

During 2017, the Background Studies and Licensing divisions collaborated to reach out to stakeholders about legislation changes for child care programs. Between July 2017 and December 2017, representatives from the Background Studies and Licensing divisions travelled around the state to meet with child care providers, counties and tribes to discuss requirements and implementation recommendations for 2017 legislative changes, including enhanced background studies for individuals affiliated with four types of child care programs. These include licensed family child care programs, licensed child care centers, legal non-licensed child care providers and certified license-exempt centers. Staff met and talked with more than 2,000 child care providers through dozens of meetings across the state.

About half of these meetings took place outside of the seven-county metro area. In addition, background studies staff participated in meetings and conversations with county and tribal child care licensing staff over this same period. Implementation of the enhanced background studies is expected to begin in the fall of 2018.

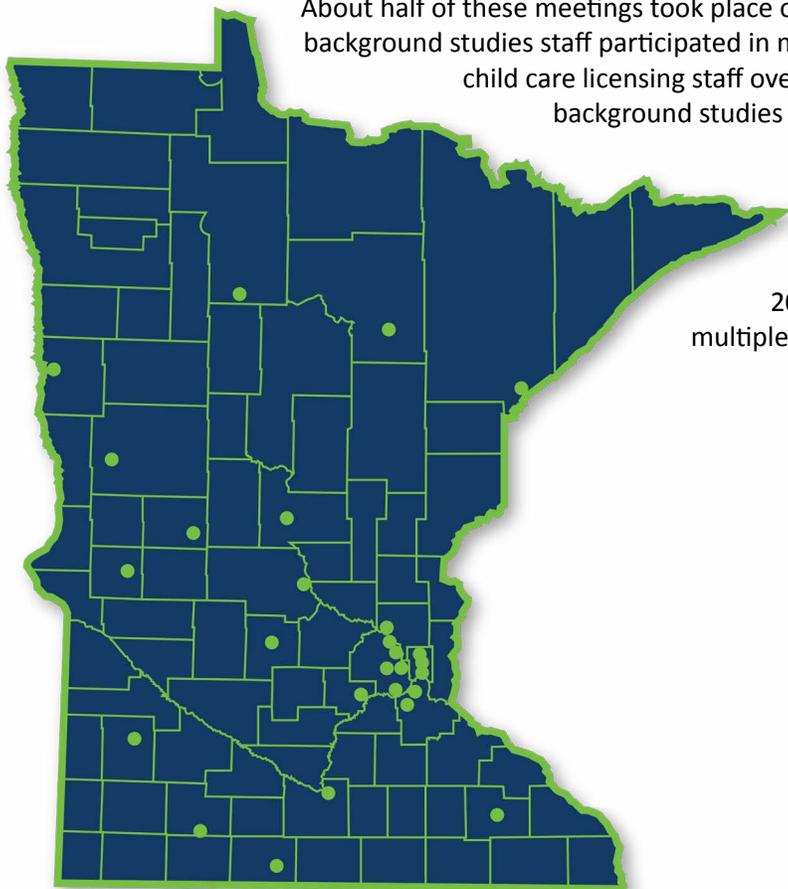


Figure 3: Stakeholder meetings

These are stakeholder meetings held in Minnesota cities between May 2017 and March 2018. The map contains one dot per city, even when multiple in-person meetings were held.

Licensing Division

The Licensing Division, in partnership with counties and private agencies, licenses and monitors programs and services for compliance with state laws and rules.

The division's work is statewide and involves:

- Licensing programs directly through monitoring and enforcement activities, including investigations of alleged violations of licensing requirements;
- Managing and overseeing licensing functions delegated to counties and private agencies; and
- Assessing and conducting investigations of alleged maltreatment.

Licensing and monitoring programs

Mission

Licensing protects the health, safety, and rights of those receiving services by requiring that providers meet minimum standards of care and physical environment.

DHS-licensed programs serve thousands of Minnesotans each day

In 2017, DHS licensed approximately 20,000 programs, which have the statewide licensed capacity to serve more than 298,000 individuals.

Directly licensed programs include:

- 4,067 home- and community-based services and programs
- 186 adult day care services
- 64 mental health centers and clinics
- 58 residential facilities for adults with mental illness
- 410 substance abuse disorder programs and services and detox services
- 1,738 child care centers
- 114 children's residential facilities

Indirectly licensed programs include:

- 4,745 child foster care homes
- 1,078 adult foster care homes
- 8,455 family child care programs

DHS is responsible for directly licensing child care centers and adult day care centers, as well as residential and outpatient programs for people with substance abuse disorder or mental illness.

The licensing process is designed to ensure that programs meet minimum standards related to the health, safety, rights and well-being of children and vulnerable adults. In 2017, there were 8,114 active licenses for directly licensed programs covering 12 types of services.

Table 3: Licensing activities related to directly licensed programs

Licensing Activities	2013	2014	2015	2016	2017
Directly licensed programs	4,028	7,678	7,734	7,935	8,114
New licenses issued	210	5,445	391	490	487
Licenses that closed	175	1,841	328	290	332
Licensing reviews completed	1,222	960	1,165	1,511	1,448
Licensing investigations completed	542	542	956	1,268	1,240
Correction orders issued	1,206	1,109	1,953	1,261	1,426
Licensing actions issued (application denials, fines, conditional licenses, suspensions, revocations)	159	367	367	292	280

Overseeing licensing functions delegated to counties and private agencies

The Licensing Division oversees the licensing functions delegated by state law to counties for family child care, child foster care and adult foster care. The role of the Licensing Division is to help support counties in their performance of licensing functions and to promote uniform enforcement of rules. Each year, the Licensing Division provides a significant amount of training and technical assistance to counties regarding the interpretation and application of licensing requirements set forth in state statute and rule.

Table 4: Licensing activities related to indirectly licensed programs

Licensing Activities	2013	2014	2015	2016	2017
Indirectly licensed programs	18,248	14,310	14,080	14,182	14,284
New licenses issued	2,058	2,082	2,272	2,745	2,868
Licensing actions issued (application denials, fines, conditional licenses, suspensions, revocations)	759	759	595	640	582

Intake and investigations – maltreatment and licensing

DHS Licensing is responsible for assessing and completing investigations of maltreatment reports and licensing complaints for directly licensed programs, as well as in a number of other settings. In calendar year 2017, DHS received 8,399 reports of alleged maltreatment and licensing complaints. All reports and complaints receive thorough in-office investigation. Reports that are determined to need further review are assigned for an out-of-office investigation. [The 2017 Maltreatment Report](#) has more information about maltreatment investigations and outcomes.

Table 5: Maltreatment reports and licensing complaints received

Complaints and reports received	2013	2014	2015	2016	2017
Maltreatment reports received	3,551	2,717	4,017	4,143	4,566
Licensing reports received	1,781	3,162	3,058	3,529	3,833
No jurisdiction ²	430	474	1,048	872	1,031
Assigned for out-of-office maltreatment investigation	624	858	820	790	768
Assigned for out-of-office licensing investigation	591	619	948	1,165	1,220

Table 6: Results of maltreatment out-of-office investigations

Investigation results	2013	2014	2015	2016	2017
Total maltreatment out-of-office investigations completed	658	1,404	796	781	761
Reports with maltreatment substantiated	219	519	247	274	244

²No jurisdictions means reports or complaints that are under the jurisdiction of another agency or county.

2017 Accomplishments

New county outreach efforts

The 2017 Legislature approved additional funding for DHS to increase staffing to improve oversight of county licensing activities through increased training, technical assistance and partnering with county agencies. Using these funds, the Licensing Division created the Family Child Care Outreach Unit. It is tasked with providing regionally based training and technical assistance for family child care licensors in all 87 counties, as well as stakeholder engagement with providers, provider organizations, and other public and private entities involved in the delivery and support of child care services.

Implementation of CCDBG Requirements for Child Care Programs

The 2017 Legislature made several statutory changes for child care programs to bring Minnesota into compliance with federal requirements set forth by the Child Care and Development Block Grant (CCDBG) Act. This includes annual inspections, enhanced health and safety requirements, and the posting of information following a licensing review or investigation.

To conduct annual inspections for the state's 1,738 licensed child care centers, the division hired and trained additional licensors (and continues this work in 2018). The division requested and received additional resources to increase staffing to address variations in county practices and provide consistency statewide for indirectly licensed programs. The division added a new unit to improve oversight of county licensing activities through increased training, technical assistance and on-site observation of licensors conducting reviews. It will also partner with county agencies and regularly engage with family child care providers across the state.

Changes to Licensing Information Lookup

The department has displayed public licensing information on all DHS-licensed programs since 2010 on the Licensing Information Lookup (<https://licensinglookup.dhs.state.mn.us/>). During 2017, the Licensing Division began working on changes to meet several new posting requirements in federal law and to respond to provider feedback about how public information is displayed on our website. The changes, which were implemented in 2018, support the goal to provide information about licensed programs in plain language and in an easy-to-understand format.

The changes include:

- Labelling all new and existing licensing action documents (formerly negative action orders) and Maltreatment Investigation Memorandum (formerly Investigation Memorandum) with more specific, plain language names with the specific name of the licensing action taken (e.g., fine order, conditional license, license revocation).
- Posting licensing information, licensing actions and maltreatment investigation documents on the Licensing Information Lookup for four years.
- Removing documents posted more than four years ago from Licensing Information Lookup, but continuing to make available to the public if requested.
- For family child care providers, featuring a summary of licensing reviews and investigations on the provider's profile page. (This feature will be added for child care centers in late 2018 or early 2019, at which time correction orders for child care centers will no longer be posted.)

Financial Fraud and Abuse Investigations Division

The Financial Fraud and Abuse Investigations Division (FFAID) is responsible for investigating fraudulent, abusive, wasteful or erroneous activities in DHS public programs. It includes billing violations or other actions by providers that are reimbursed by Minnesota’s Medicaid program (Medical Assistance), the Child Care Assistance Program (CCAP) and recipients or applicants for public benefits when there is a question of a person’s eligibility for programs or services or where there is over-utilization of services.

The division’s work is statewide and involves:

- Withholding payments when there is a credible allegation of fraud or where it is necessary to protect the public welfare and the interests of the public programs;
- Suspending or terminating providers or ineligible recipients from Minnesota public programs;
- Referring suspected fraud to criminal investigative agencies;
- Protecting recipients;
- Identifying and recovering overpayments;
- Recommending policy changes and system improvements to prevent improper payment for services and benefits.

FFAID’s investigation units work with many federal and state agencies to combat fraud, waste and abuse in public programs. These agencies include, but are not limited to, the U.S. Attorney’s Office, the Minnesota Attorney General’s Office, the FBI, the U.S. Department of Health and Human Services, Minnesota county attorneys, the U.S. Department of Homeland Security, U.S. Secret Service, and other local, state and federal agencies.

FFAID protects Minnesotans and state resources

In 2017:

- Approximately 230,000 Medicaid providers received \$11.4 billion in state and federal funds.
- Approximately 1.35 million Minnesotans received MA health services.
- Approximately 1,100 child care centers received approximately \$215 million in child care assistance payments.
- Approximately 29,000 children were served by CCAP.
- About 138,000 Minnesotans received cash assistance totalling \$382 million.
- About 428,000 Minnesotans received food assistance totalling \$574 million.

Provider investigations

FFAID conducts hundreds of investigations a year into health care provider claims paid by Minnesota Health Care Programs. The division performs various investigations and coordinates with other agencies.

Table 7: SIRS MA provider investigations

Activities	2014	2015	2016	2017
Number of provider cases opened	409	574	498	582
RAC cases opened/investigations	230	335	412	93
Number of cases referred to MFCU ³ /law enforcement	46	48	145	94
Provider payment withholds	41	121	70	89
Provider suspensions or terminations	140	174	116	112
National cases	n/a	9	13	9
Amount of overpayments identified ⁴	>\$7,000,000	\$1,765,278	\$30,252,653	\$12,742,946

³Minnesota Fraud Control Unit within the Minnesota attorney general’s office.

⁴See Table 8 for detail information on recoveries.

National cases. SIRS provides information and technical support to the National Association of Medicaid Fraud Control Units (MFCU) in filing civil actions against multi-state providers where funds have been paid to the multi-state provider. This support typically results in recoveries for Minnesota’s Medical Assistance program.

Managed care organizations. SIRS also oversees program integrity activities, including investigations by managed care organizations (MCO), which contract with DHS to provide health care services. SIRS refers allegations of improper payment or fraud by health care providers to the MCOs and provides technical assistance identifying, investigating, and combating fraud and abuse. Occasionally SIRS and the MCO conduct a joint investigation of providers if the suspected fraud or abuse appears to impact both payment systems.

Table 8: MA managed care investigations

Activities	2015	2016	2017
Number of provider cases opened	574	784	1,557
Number of provider cases opened	397	518	997
Number of cases referred to MFCU/law enforcement	48	74	196
Number of provider adverse actions	127	216	163
Amount of identified overpayments (Including denied claims)	\$1,765,278	\$8,259,459	\$21,744,414
Amount of prevented overpayments	n/a	n/a	\$6,096,481
Amount of recovered overpayments	\$1,673,295	\$2,744,595	n/a

Post-payment audits. To expand the reach of SIRS post-payment investigations, DHS contracts with outside entities, or Recovery Audit Contractors (RAC). In addition, Unified Program Integrity Contractors are independent entities contracted by the federal Centers for Medicare & Medicaid Services to perform fraud, waste and abuse detection activities for state Medicaid agencies. SIRS is responsible for coordinating with the regional UPIC (AdvanceMed Corporation) on its reviews of paid health care claims. In 2017, SIRS worked with the UPIC to identify aberrant providers warranting further investigation.

Table 9: SIRS MA recoveries (federal and state share)

Activities	2013	2014	2015	2016	2017
OIG staff investigations	\$1,792,085	\$3,863,900	\$1,969,243	\$2,520,556	\$4,224,060
Recovery audit contract	\$136,171	\$3,334,136	\$4,032,344	\$1,095,449	\$1,446,561
National cases	\$16,469,446	\$1,619,918	\$2,383,063	\$24,020,611	\$8,597,512
Claims corrections (state share only)	n/a	n/a	\$560,602	\$737,869	\$419,849
Total	\$18,397,702	\$8,817,954	\$7,258,373	\$28,374,485	\$14,687,982

Protecting clients and stemming illegal prescription drug trafficking

In January 2017, SIRS began investigating Lake Street Pain Clinic based on the clinic’s aberrant billing patterns. To get a controlled substance prescription, clients must first have an office visit with the prescribing physician. Lake Street clients were filling prescriptions that were billed to Medical Assistance (MA), but they did not have corresponding claims for physician office visits. During the course of the investigation, SIRS investigators learned that Lake Street was charging clients a flat fee that was paid by the client and not billed through MA. Enrolled MA providers are legally prohibited from soliciting or accepting payments from MA recipients for a service covered by MA. The practice is also problematic because it contributes to the illegal sale of opioids and the addiction crisis. Based on this practice, SIRS required Lake Street to sign an agreement that it would cease this practice and bill MA for all covered services. When Lake Street refused to sign the agreement, SIRS terminated its participation as a provider in Minnesota Health Care Programs (MHCP).

Provider screening. Under federal and state law, DHS requires all enrolled providers to be screened based on the level of risk of fraud, waste or abuse to the MA program. The SIRS screening unit conducts pre- and post-enrollment site visits to verify that the enrollment information submitted to DHS is accurate and complies with federal and state law, and that there is evidence a business entity actually exists (i.e., qualified staff, enrollment requirements, equipment, files). These visits also identify potential program integrity concerns that sometimes result in a referral to the provider investigations unit.

Table 10: Screening investigations

Results	2015	2016	2017
Site visits performed	869	671	562
Providers who failed the site visit	31	61	101
Providers who required education during on-site	n/a	n/a	92
Site visit referrals to provider investigations	89	103	61

Child care providers. The Child Care Provider Investigations Unit investigates and takes appropriate action against child care centers that fraudulently bill or violate other rules or laws relating to the state’s Child Care Assistance Program (CCAP). The OIG contracts with the BCA for two agents to be assigned and dedicated to criminal child care provider investigations. Civil child care investigations identify violations of CCAP rules by providers.

When the Child Care Provider Investigations Unit uncovers evidence that a provider has intentionally taken steps to defraud CCAP of program funds, a BCA criminal investigation is initiated. DHS investigators turn over any evidence of crimes being committed to BCA agents contracted by DHS to investigate these types of crimes. Federal law enforcement agencies are also routinely brought into these investigations since the program funds are a mixture of federal, state and local tax dollars. Some of the agencies routinely brought in include U.S. Health and Human Services – Office of Inspector General, the FBI, the Internal Revenue Service – Criminal Investigation Division and the U.S. Department of Homeland Security (U.S. Secret Service and Homeland Security Investigations).

Table 11: CCAP investigations

Results	2016	2017
Child care investigations initiated	11	20
Child care centers where DHS-OIG stopped CCAP payment due to fraud	3	4
Payments to centers in the 24 months prior to payment stop	\$4,856,516	\$9,673,202

In addition to investigating CCAP fraud activity and collaborating on BCA criminal investigations, this unit also conducts investigations to determine if child care providers are complying with CCAP regulations involving documenting the date and time care is provided for children registered at their facility. This is necessary to ensure the program payments to providers can be justified. Providers that are found to lack documentation are assessed overpayments so program funds can be recovered.

Table 12: CCAP administrative reviews

Results	2016	2017
Administrative reviews	57	67
Reviews with no action taken	26	43
Identified overpayments	\$382,379	\$219,205

Early CCAP fraud case ends with sentencing, restitution order

In January 2017, the part owner of a Minneapolis child care center was indicted by a federal grand jury for child care payment fraud and wire fraud. The charges against Fozia Sheik Ali, who was the director of Salama Child Care, were the result of more than two years of work by the Child Care Provider Investigations Unit, the Minnesota BCA agents assigned to the OIG, U.S. Health & Human Services – OIG, the FBI, and the IRS.

An investigation into whether the center was billing for child care that was not being provided to eligible CCAP families began shortly after the unit was formed in 2014. At the same time, the OIG Licensing Division was investigating and later revoked the center’s license because the true owners of Salama were found to be some of the same owners of a St. Cloud center by the same name that previously had its license revoked.

In May 2015, law enforcement agencies executed a search warrant at the Minneapolis child care center, seizing a large amount of paper and electronic records and interviewing employees, parents and center owners. Investigators documented that from December 2013 through May 2015, Salama and Ali regularly billed CCAP for far more children than were actually cared for, and that Ali and her family were the largest recipients of the fraudulently obtained program funds.

In May 2017, Ali plead guilty to theft of public money. She was sentenced in January 2018 to 24 months in prison and ordered to pay more than \$1.4 million in restitution to DHS for fraudulent billing CCAP funding.

The Minnesota Restricted Recipient Program

The Minnesota Restricted Recipient Program (MRRP) works with recipients to organize their medical care and decrease health care costs. It reviews payment claims to identify recipients who have used health care services that are not medically necessary or have resulted in unnecessary costs.

Once identified, the recipients are enrolled under the care of a primary care physician, who can make referrals to specialists, and designates one clinic, one hospital and one pharmacy for coordination of recipient health care. The initial restriction is for 24 months, which can be extended for an additional 36-month period. If a recipient is placed in the program, it applies regardless of whether the recipient is enrolled in a fee-for-service or MCO plan. This is referred to as a “universal restriction” and provides that restriction requirements are followed by MCOs.

Typically, after a recipient is placed in the program, expenditures for services and total health care visits drop significantly because of better care coordination of services for the recipients. Emergency room visits and length of inpatient stays are reduced by more than 50 percent and prescription fills drop more than 40 percent.

MRRP coordinates care to protect recipients and saves on health care costs

- 2,858 people enrolled as of December 2017
- 160 were in the fee-for-service program
- 1,278 were in MCOs
- 50 percent drop in ER visits and hospitalization after restriction
- 40 percent decrease in prescriptions fills
- \$5,000-\$6,000 in health care saves per person for restricted period.

Recipient investigations

Statewide Fraud Prevention Intervention Program. Through the Fraud Prevention Investigation (FPI) program, FFAID works with counties to investigate recipient fraud. The division administers a \$3.1 million annual grant that funds investigator positions covering 79 of Minnesota’s 87 counties. The purpose of this program is to quickly investigate cases in which information indicates that a person has applied for or is receiving public benefits to which they are not entitled. By focusing investigative efforts on the front end, benefits to ineligible recipients can be terminated sooner, significantly reducing the loss to Minnesota taxpayers. FFAID staff travel the state conducting training for county investigators, as well as eligibility staff on how to identify indicators of fraud, and the process to follow when a fraud indicator is detected. For counties and tribes that do not participate in FPI, benefit fraud investigations are handled by the local law enforcement agency.

Figure 4: 2017 Recipient fraud investigation results involving multiple benefits

These cases include Temporary Assistance to Needy Families (TANF), food, health care, child care and other cash benefits. Many investigations involve more than one program benefit.

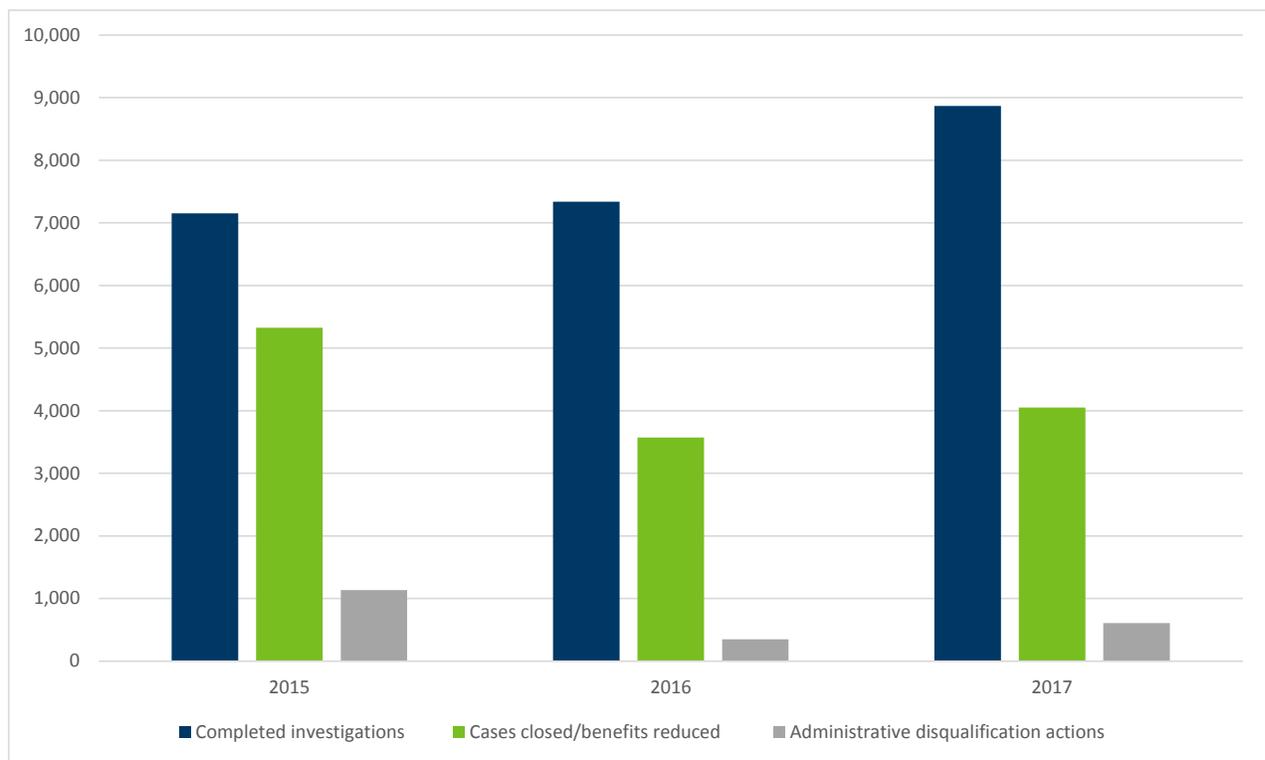


Table 13: Recipient fraud investigation results for multiple benefit totals

Year	2015	2016	2017
Completed investigations	7,154	7,339	8,869
Cases closed/benefits reduced	5,324	3,572	4,501
Administrative disqualification actions	1,136	348	608

Figure 5: Recipient fraud investigations – overpayments identified

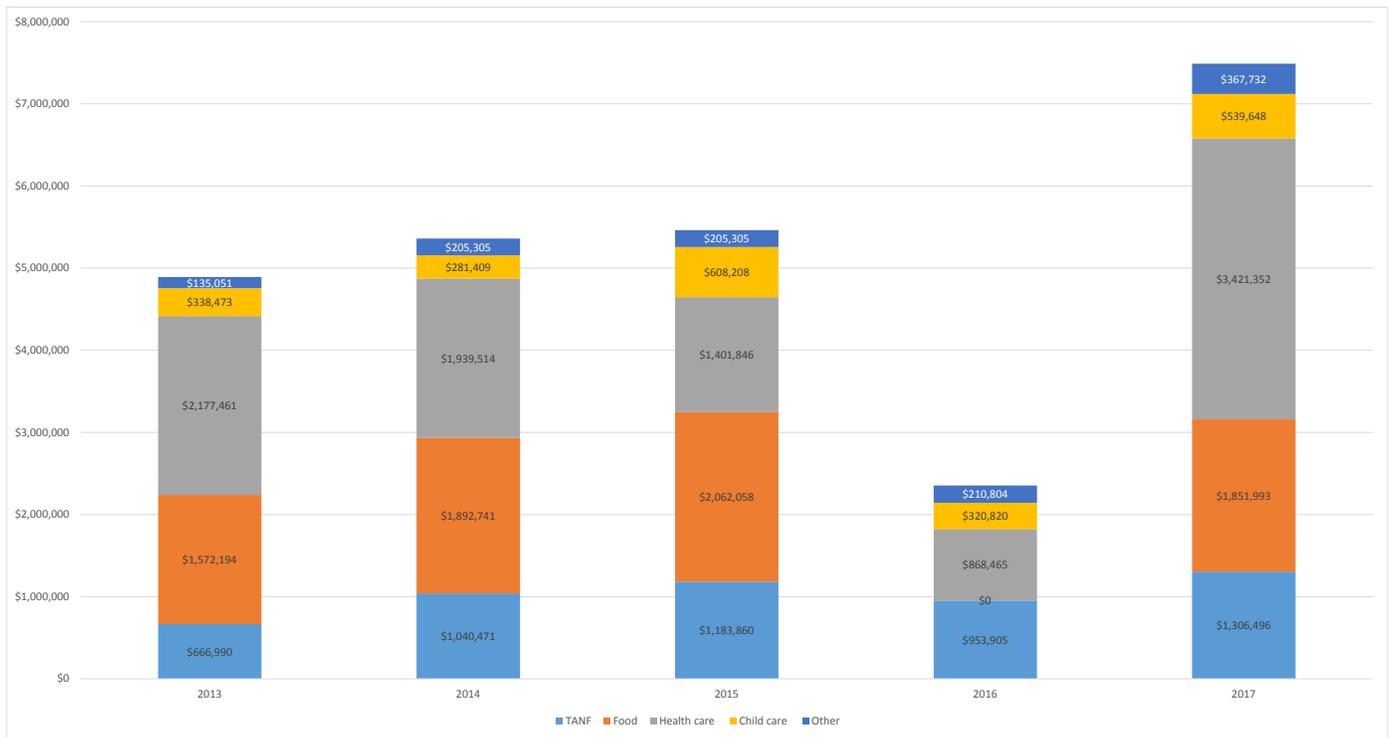


Table 14: Recipient fraud – overpayment totals

Program	2013	2014	2015	2016	2017
TANF	\$666,990	\$1,040,471	\$1,183,860	\$953,905	\$1,306,496
Food	\$1,572,194	\$1,892,741	\$2,062,058	\$2,135,120	\$1,851,993
Health Care	\$2,177,461	\$1,939,514	\$1,401,846	\$868,465	\$3,421,352
Child Care	\$338,473	\$281,409	\$608,208	\$320,820	\$539,648
Other	\$135,051	\$189,715	\$205,305	\$210,804	\$367,732
Total	\$4,890,169	\$5,343,850	\$5,461,277	\$4,489,114	\$7,487,221

MinnesotaCare. The division also conducts investigations where a recipient’s health care is provided through MinnesotaCare, a health care program for Minnesotans with low income. Investigators determine if recipients made accurate representations during the application process or after enrollment to ensure that only people meeting program requirements are enrolled. When a determination is made that an individual is not eligible for MinnesotaCare, the information is forwarded to the DHS Health Care Administration to calculate overpayments or to take appropriate action. Premium savings are identified where an active recipient on MinnesotaCare is found to be ineligible and the case is closed.

Table 15: MinnesotaCare recipient investigations

Results	2015	2016	2017
Total cases reviewed	3,102	3,440	3,580
Cases referred to DHS health care	239	284	475
Capitation savings ⁵	\$465,564	\$437,592	\$619,638
Recipients terminated	n/a	n/a	215
Overpayments accessed by DHS health care operations ⁶	\$521,290	\$319,870	\$25,588

2017 Accomplishments

Continuous improvement

Working with the DHS Office of Continuous Improvement, SIRS has identified ways of improving its processes and procedures and is developing timelines and quality measures to effectively track and report on investigative activity. The continuous improvement project continues work on implementing recommendations with the current focus on the development of the SIRS Policy and Procedure manual related to case process.

Expanded site visits

The Provider Screening Section expanded the site visit process during 2017 to include a provider education component. This is a key initiative that provides information and guidance to help providers succeed and avoid program integrity violations. It establishes a more preventative and proactive approach to program integrity. If provider education needs are identified, education is provided and documented to include:

- Topics of education;
- Description of education provided;
- People educated;
- Acknowledgement of education received.

MCO assets and capabilities review

During 2017, FFAID conducted an assets and capabilities review of the MCOs. These reviews focused on the program integrity capabilities of MCOs, including instituting effective measures to prevent, detect, investigate, and resolve allegations of fraud, waste and abuse. The reviews focused on the anti-fraud program components framed in the MHCP contracts with DHS. The reviews included on-site meetings, as well as a review of data and documents provided by the MCO in advance of the on-site meetings.

To conduct the review, SIRS developed a list of questions and inquiries to identify anti-fraud assets and capabilities. The review approach included:

- Reviewing documentation submitted prior to the on-site review;
- Selecting and reviewing samples from the report data submitted prior to the on-site meetings;
- Reviewing data systems, operations, and documentation by conducting on-site reviews; and
- Interviewing MCO personnel.

Increased MA and child care provider investigations

A 2017 legislative appropriation provided for an increase in the number of investigators in the SIRS and Recipient and Child Care Provider Investigation units. The hiring and training of those investigators began in 2017 and continued into 2018. These resources will provide each unit with the ability to investigate additional cases to identify and remove fraudulent providers from DHS public programs.

⁵Six month multiplier

⁶Includes assessments completed from prior years (2015 and 2016).