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This written testimony pertains to HF 1338.

I am Diane J. Peterson, a St. Paul resident and a co-founder of a Minnesota citizen activist group, Health Policy Advocates. I can be reached at oak7@centurylink.net and on my landline: 651 487 8007.

I ask members of the Minnesota House Committee on State Government Finance and Policy to ensure that an independent OIG will retain full power to scrutinize all aspects of our Medical Assistance program.

Because Minnesota's Medical Assistance program is rife with fraud problems, the Legislature should establish a new Office of Inspector General (OIG). This new office should be fully independent from any control by the Minnesota Department of Human Services (DHS) or anything which would prevent unfettered scrutiny of the Medical Assistance program. This new, fully independent OIG should not be restricted in any way from inspecting all aspects of the Medical Assistance program. The current Senate version of the Independent OIG bill (SF 856) includes an intolerable restriction, one which prohibits examining and rectifying practices of the state Medical Assistance program to make sure it is in compliance with federal law. That restriction runs completely counter to the intent of the bill. You must remove it now and keep it permanently out of state policy.

Minnesota's DHS lacks program integrity as proven by the testimony of the Minnesota Office of the Legislative Auditor on January 6, 2026, regarding, among other offenses, deliberate falsification of records.

A whistleblower with decades on staff at DHS, Faye Bernstein, also came forward for an interview with a reporter to describe her experience of DHS impropriety. The news story featuring her is online at <https://www.city-journal.org/article/minnesota-welfare-fraud-dhs> It identified Ms. Bernstein as a DHS employee for two decades where she has worked in contract management and as a compliance officer. Ms. Bernstein voiced her concerns about DHS practices which expose funds to fraud. But her supervisors retaliated against her. I brought this whistleblower's published revelations to the attention of my Legislators, Representative Athena Hollins and Senator Clare Oumou Verbeten soon after it appeared online, which was January 26, 2026. I repeat to you what I wrote to Rep. Hollins: "[Faye Bernstein's] testimony, plus that of Legislative Auditor Judy Randal, is sufficient to prove that DHS is operating illegally, mishandling funds, and putting Medical Assistance patients at risk of inadequate oversight."

Minnesotans deserve a powerful OIG who will boldly examine our Medical Assistance program to protect our funds from further fraudulent depletion, and make sure that federally qualified enrollees get complete and proper services. We cannot trust DHS to police itself, whereas a strong and independent OIG can correct DHS's many years of program integrity failures.