



DHS Program Integrity Human Services Finance and Policy Committee 2/19/26

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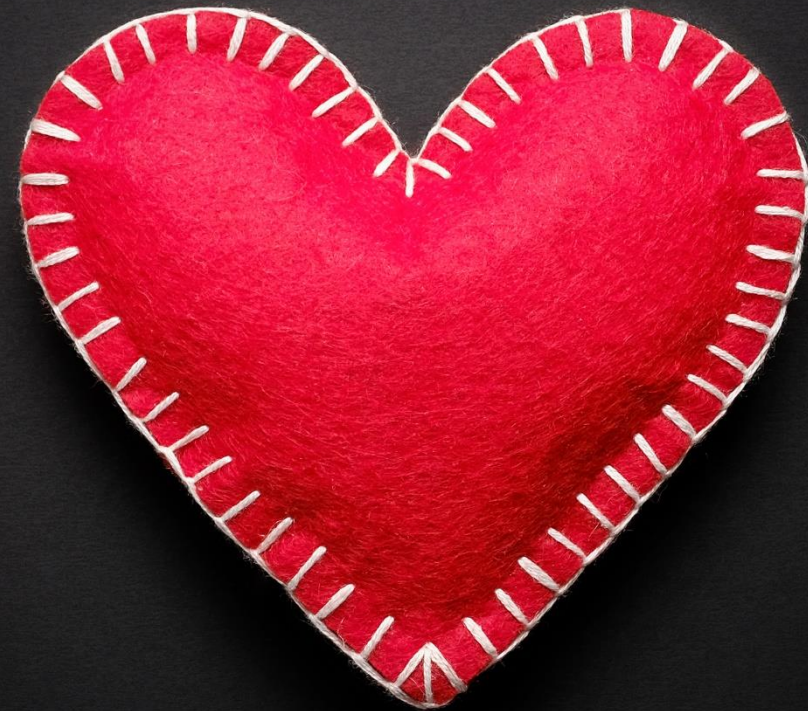
What is program integrity?

- Program integrity is a general term used to describe whether a program or service is structured in a way to achieve its intended purpose.
- In Medicaid, program integrity includes:
 - Sound reimbursement methodologies
 - Licensing or other regulatory requirements
 - Data analytics and surveillance
 - Provider and member education
 - Provider credentialing and enrollment
 - Utilization management criteria
 - Detecting improper payments—unintentional errors or potentially fraudulent billing

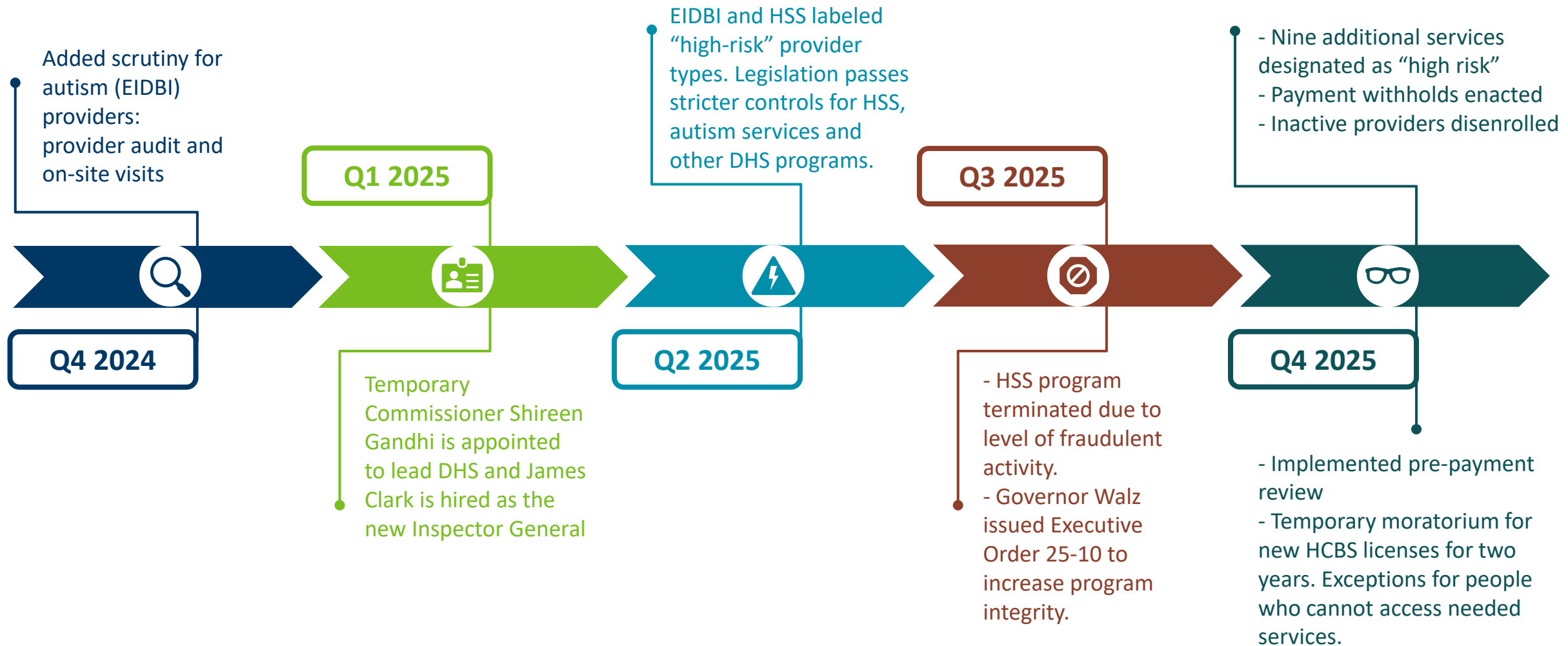
Why program integrity matters for Medicaid

Ultimately, preventing, detecting, and stopping fraud helps people who rely on Medicaid for supports and services.

- Medicaid is the largest single source of health insurance in Minnesota, serving over 1 million Minnesotans.
- Medicaid cover over 40% of all of Minnesota's children.
- Minnesota devotes most of its Medicaid spending to seniors and people with disabilities.
- Medicaid pays for more mental health services for Minnesotans than anyone else
- Medicaid covers half of long-term care costs for Minnesota
- Medicaid serves people of all backgrounds across Minnesota, especially in Greater Minnesota.



Recent Steps to Protect People who use Medicaid



Program Integrity Pillars



Transparency

Prevention

Detection

Enforcement

Medicaid oversight is a shared responsibility.

- DHS is taking steps to be proactively transparent when it won't compromise our investigative work or reveal private data.
- DHS has taken recent steps to build transparency, and DHS will continue to to inform Minnesotans about current actions to prevent fraud, waste and abuse
- We strive for transparency, but sometimes the work requires secrecy. If someone wanted to commit fraud and knew the investigative process, it would be easier for them to avoid detection



Increasing transparency: Actions Taken

- 2025 Legislative changes give DHS discretion to **acknowledge payment withholds** when doing so will not impact an investigation. The change gives Minnesotans more insight into efforts to stop fraud.
- 2025 legislative changes allow DHS to **share more investigative data with other agencies** and more proactively alert those agencies about fraudulent actors. This helps ensure that individuals flagged by one agency are not funded by another.
- The [DHS License Lookup](#) **lists current licensing status and any violations** for all DHS licensed providers, allowing potential recipients to make more informed decisions on where to receive care.
- DHS published a dashboard that is being continually updated to share data on actions taken, open cases, administrative actions, and more.



- Having a robust fraud prevention network stops fraud before it occurs.
- Prevention efforts involve every step of the Medicaid funding process, from the legislature and setting careful criteria for who can serve as a provider to improving training for staff to prevent fraud
- Historically, Medicaid program integrity efforts focused on the recovery of misspent funds, but more recent initiatives move beyond “pay and chase” models to focus more heavily on prevention and early detection of fraud and abuse and other improper payments.

Prevention: Actions Taken

- DHS has **identified 14 Medicaid service provider types as “high-risk”** based on programmatic vulnerabilities, evidence of fraudulent activity, or data analytics that revealed potentially suspicious patterns, claim anomalies or outliers. This designation requires providers to undergo additional screening measures both at the time of enrollment and during revalidation.
- 2025 legislation gave DHS screening staff more **tools to deny potential provider applications**. This change stops more fraudulent providers from ever billing Medicaid by cutting them off before they enroll.
- DHS is stepping up work to **educate providers so they can avoid waste and abuse** in their billing.
- DHS is **hiring a public funds coordinator** to better monitor payments to grantees.

- The Medicaid program covers necessary care to over 1 million Minnesotans each year.
- The agency works to detect fraud, waste and abuse that undermine this essential support.
- **DHS takes a zero-tolerance approach to fraud**, and by detecting it earlier, we can keep Medicaid funds from going to fraudulent providers.



Detection: Actions Taken

- DHS is **utilizing new data analytics tools** to uncover fraud, waste and abuse. These new tools initially flagged discrepancies in Housing Stabilization Services providers, leading to a [wave of investigations and payment withholds](#) on these providers.
- DHS hired a Limits on Receiving Public Funds Coordinator to **streamline OIG data and prevent sanctioned individuals and providers** from circumventing payment withholds.
- DHS **expanded unannounced onsite visits** to detect fraud, waste and abuse and uncover licensing violations. DHS is currently making unannounced visits to every EIDBI provider, and we will continue to use this practice, especially for high-risk providers.

Enforcement

- Holding providers accountable for fraud, waste, and abuse is a necessary. While DHS can take administrative actions, we collaborate with law enforcement to prosecute fraudsters.
- When DHS uncovers a credible allegation of fraud, we refer the case to the Medicaid Fraud Control Unit (MFCU) at the Minnesota Attorney General's Office for criminal prosecution.
- MFCU and other law enforcement partners, like the U.S. Attorney's Office and FBI, use DHS casework to build a legal case. DHS continues to support our law enforcement partner until they close the case.

Current situation

- Open intakes: **2,432**
- Open cases: **1,434**

Updated: Feb. 9, 2026



Enforcement: Actions Taken

- Payment withholds stop Medicaid dollars from continuing to go to fraudulent providers. Already in 2025, DHS has **imposed more than twice as many payment withholds** as we did in other recent years.
- Since 2020, DHS has **conducted over 3,000 investigations and referred over 500 cases to law enforcement.**
- Since 2020, DHS has **identified more than \$50 million for recovery.**
- For every dollar invested in our investigators, we **return \$2.29 in monetary recoveries and cost avoidance.**

Behavioral Health Implementation Updates

2025 Legislation	Implementation Status
<p>Substance Use Disorder Mid-point Billing: This change effectively clarifies that providers cannot double-bill within the same unit.</p> <p>Minn. Stat. 254B.06; Minn. Laws 2025, Ch. 38, Art. 4, Sec. 33</p>	<ul style="list-style-type: none">• Updated the MHCP Provider Manual;• Notified providers through Behavioral Health E-memo #24-80 on July 7, 2025; and• Presented to providers on topic at:<ul style="list-style-type: none">• July’s Thursday Connections SUD meeting.• MHCP Provider Trainings for SUD providers.
<p>Increased oversight for recovery residences and access to housing funding: recovery residences must be certified, free standing room and board will be phased out by July 1, 2027, and certified Level 2 recovery residences may access housing support.</p>	<ul style="list-style-type: none">• Developing internal standards, policies, and procedures for the certification process.• Created webpage with information and resources.• Drafting RFP for a vendor to create an online portal.

Behavioral Health Implementation Updates

2025 Legislation	Implementation Status
<p>Recovery Community Organization (RCO) Compliance Training: requires DHS to develop a training for owners and managers including topics related to billing, provider enrollment, program integrity, workplace safety, and other standards.</p> <p>(Minn. Stat. 254B.052; Minn. Laws 2025, Ch. 9, Art. 4, Sec. 31 & 35)</p>	<ul style="list-style-type: none">• DHS is developing a compliance training for owners and managers of RCOs.• Training must be available by July 1, 2026 and implementation is on track to meet this deadline
<p>Substance use disorder billing modifications: This proposal disaggregated individual and group counseling into 6 new, separate billings codes that are each 15 minutes.</p>	<p>SPA posted for public comment. On track to implement by July 1, 2026.</p>

Fraud prevention, detection, and enforcement Implementation Updates

2025 Legislation	Implementation Status
Prohibition on illegal remunerations (aka “kickbacks”) for Medical Assistance (MA)	Fully implemented as of August 1, 2025.
Authority to share data, including claims data, with state and federal agencies to investigate suspected fraud	Have used statute to share information with other state agencies. DHS has shared information with MDE, MDH, BCA, OLA.
Authority for DHS to disclose payment withholds	Payment withhold protocol is being implemented to ensure consistency in disclosing withholds.
Lifting Statute of Limitation on Surety Bonds	Fully implemented on July 1, 2025
Increased licensing fees	Implemented effective January 1, 2026. Providers will see increased fees on their next renewal.

Licensing Program Integrity Updates

2025 Legislation	Implementation Status
Authority to deny licensure applications or temporarily suspend a license for entities that are the subject of pending administrative, civil, or criminal investigation.	DHS Licensing has operationalized and implemented this change and has utilized the authority to issue temporary immediate suspensions and application denials for HCBS.
EIDBI licensure and related reforms to improve health and safety and quality of services	DHS began taking maltreatment reports July 1, 2025. Application for provisional license launched January 2026. On track to present full licensing standards for 2027 session.
HCBS temporary licensing moratorium	Implemented effective January 1,2026
EIDBI Enrollment Moratorium	Approved from November 1, 2025 – April 30,2026

Thank You!