

Fraud Prevention & State Agency Oversight Policy

Chair: Rep. Robbins

July 8th, 2025

Re: Overview of DHS OIG office & DHS Medicaid Eligibility

Dear Madam Chair and Members, my name is Idil Abdull. I am a Somali Autism Mom and retired advocate. I and other Somali autism families and community members advocated for the Early Intensive Developmental Behavior Intervention (EIDBI) in 2013 at the state legislature and 2014 at Centers for Medicare and Medicaid (CMS) after I was appointed to the Federal autism Committee – IACC by US HHS Sec Sebelius.

We did this so that Medicaid would cover medically necessary therapy for children with autism in Minnesota and nationwide. As you may know, CMS approved Minnesota's state plan to provide autism therapy in March of 2015.

Now move forward ten years, as one of the original advocates and more importantly as an autism parent, I am not impressed with DHS' OIG oversight for autism services and with DHS in general.

- They approve people without to care to ensure people are in this for the right reasons and care about our children.
- DHS refuses to train autism families and EIDBI agencies about policy and statutes. Then DHS gets mad and vilifies our community when people make mistakes.
- Even the new policy and rules passed in this legislative session, DHS has refused to explain to families and agencies that it will affect.
- How do you expect anyone to follow statutes and policies if they do not understand it and no one holds DHS accountable.
- One of DHS' reasons to not have an oversight of them was the state would lose Medicaid. I am confused and baffled by that; how exactly will the state lose any funding for doing a better oversight? Please ask DHS commissioner that.
- Finally, I am also disappointed with this committee. You have not asked or allowed actual public members in autism or other areas to testify before today unless you selected them. What is the point of helping us when you do not allow us to talk to you. I ask that you allow more public input from the public if the goal is better oversight that is fair and thoughtful without political agenda.

References: <https://www.startribune.com/mom-s-push-to-help-poor-kids-with-autism-brings-new-federal-benefits/298349191>

<https://www.mprnews.org/story/2012/03/29/idil-abdull--interagency-autism-coordinating-committee>

Sincerely,

Idil Abdull – Somali Autism Mom & Retired Advocate

Unresolved Questions About Fraud Alarms in Minnesota Human Services

On the morning of July 7, 2025, I, Diane J. Peterson, received real time confirmation by phone calls with Kacie Petersen and Megan Rossbach, to whom I am e-mailing this testimony, that 3:00 PM on July 7, 2025, is the official deadline for submitting written testimony for the July 8, 2025, hearing of the Minnesota House Committee on Fraud Prevention and State Agency Oversight Policy.

Diane J. Peterson
Co-founder of Health Policy Advocates
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Unresolved Questions

1. Is Representative Kristin Robbins still intent on attracting federal intervention to investigate fraud in Minnesota's Department of Human Services (DHS)? Why or why not?
2. What explains the written assertions by the DHS Temporary Commissioner that an independent Office of Inspector General will compromise DHS investigations, put Minnesota out of compliance with federal law, cause loss of federal funding, and reduce capacity to handle fraud?
3. Since Representative Robbins wrote on June 11 about trying next year to establish an Office of Inspector General (OIG), what action does she specifically propose? What, precisely, prevented establishment of an OIG this year?

Background Narrative on these Questions

I am Diane J. Peterson, a St. Paul resident and Co-Founder of Health Policy Advocates, a multi-partisan group of activists who have publicly requested accountability and transparency from Minnesota's Medicaid program during the past ten years.

On behalf of Health Policy Advocates, I am calling attention to two letters which are of significance to the informational hearing scheduled for July 8, 2025, by the Minnesota House Committee on Fraud Prevention and State Agency Oversight Policy, chaired by Representative Kristin Robbins.

The first letter is dated February 10, 2025. It is signed by Representative Kristin Robbins (and two Legislative Colleagues) and headlined "Minnesota House Republican Caucus." It was sent to U.S. Attorney General Pam Bondi. It cites an urgent need for federal intervention to stop "unchecked fraud" in Minnesota's human services. The letter claims a minimum loss of \$610 million "due to failed leadership by Governor Tim Walz, his agencies and legislative Democrats." In addition to asking for Ms. Bondi's help, the letter pledges to "cooperate with our federal partners to achieve that goal." Health Policy Advocates agrees with that letter about the need for federal intervention to address the lack of accountability in Minnesota's Medicaid program.

The second letter is dated March 11, 2025. It was signed by Shireen Gandhi, representing the Minnesota Department of Human Services (DHS), and addressed to the Senate Health and Human

Services Committee, and to Senator Gustafson, the chief author of SF 856. Ms. Gandhi wrote four objections to H.F. 856, legislation which would have created a new, independent Office of Inspector General, expressly intended to curtail fraud. Ms. Gandhi's four objections are exceptionally astounding. Legislators ought to get detailed explanations from DHS on how those objections, which sound very illogical, could possibly be true.

Please see the Health Policy Advocates flyer titled "What is DHS trying to hide?" On April 21 and 22, members of Health Policy Advocates stationed ourselves outside the chambers and distributed this flyer to Legislators entering their respective floor sessions. The flyer reproduced Ms. Gandhi's March 11 letter stating DHS's four objections to SF 856, and on the reverse side of the flyer we posed our four questions about them, with our challenge to Legislators to get those questions answered. The July 8, 2025, Fraud Committee hearing could provide a good venue for uncovering DHS's reasons for opposing truly independent investigators to detect fraud in Minnesota's Medicaid program. The DHS Temporary Commissioner and DHS's own internal Inspector General are the main testifiers in that hearing.

After the 2025 Legislature, Representative Robbins wrote a newsletter, "Legislative Update from Rep. Kristin Robbins" dated June 11, 2025, found at

<https://content.govdelivery.com/accounts/MNHOUSEGOP/bulletins/3e47347>

which refers to the fact that HF856 did not pass and so an independent OIG was not established. The following quote suggests she wants to try to pass the bill next year, as follows:

Unfortunately, despite months of hard work and strong bipartisan support in the Senate (60-7), we did not get the Office of Inspector General bill in the final agreement. **This is incredibly disappointing because this new IG would have had real power to stop payments, subpoena documents and witness, and hold agency staff and service providers accountable for fraud. Although the Governor and House Democrats said they supported this new office at the beginning of session, they didn't actually want anything with real authority to pass. This is incredibly disappointing, but we will try again next year!**

Health Policy Advocates supports the political will to prevent Medicaid fraud and to hold agency staff accountable for it. We echo the sentiments of Representative Robbins to involve U.S. Attorney Pam Bondi--or any federal official-- to intervene in this matter since state level officials have been insufficient to the task.



Minnesota House Republican Caucus

February 10, 2025

The Honorable Pam Bondi
United States Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Via electronic delivery

Dear Attorney General Bondi,

On behalf of the Republican Caucus of the Minnesota House of Representatives, we write to inform you of years of rampant unchecked fraud occurring in our state due to failed leadership by Governor Tim Walz, his agencies, and legislative Democrats. We also ask for your assistance to investigate the growing fraud in our state, which has resulted in over \$610 million in precious resources – the great majority of it federal funding for human services programs – not getting to people in need.

Democrats' refusal to show a modicum of concern about serious fraudulent activity has resulted in this disaster. As former United States Attorney for the District of Minnesota, Andrew Luger, recently said, "Minnesota has a fraud problem."

Moreover, the independent Office of the Legislative Auditor produced numerous reports over the years documenting concerns with state agency oversight and the need to have greater controls in preventing fraud, waste, and abuse. Those reports have fallen on deaf ears. In the last six years, House Democrats have not held one hearing to investigate the ballooning fraud.

House Republicans—who currently have a 67-66 majority—have established the Fraud Prevention and State Agency Oversight Committee to document and investigate the fraud, educate Minnesotans about the scope of the fraud, and implement solutions to prevent future fraud. Just days before our first hearing, where we planned to review the scope of fraud in Minnesota during Governor Walz's administration, a Minnesota Supreme Court decision halted House business and prevented us from beginning our oversight.

The Supreme Court decision led to a weekslong constitutional crisis that was only resolved on Thursday, February 6th. As a result, the Fraud Prevention and State Agency Oversight Committee

held its first meeting today. Yet the weeks of delay have hindered our fraud prevention efforts. We therefore seek assistance from the United States Department of Justice to investigate the Walz administration's continuous inaction that is allowing this fraud to continue. Additionally, we urge the Trump Administration to move swiftly to nominate and confirm a new permanent U.S. Attorney for Minnesota to ensure their important work can continue.

Attached to this letter is a document that highlights 25 known instances of fraudulent or wasteful activity. Conservatively, this accounts for over \$610 million dollars in services that were never provided to needy Minnesotans.

We thank you for your attention to this urgent matter. The Minnesota House Republican Caucus stands ready to combat the rampant fraud in our state. We will fully cooperate with our federal partners to achieve this goal.

Respectfully,



Representative Lisa Demuth
Speaker of the House
District 13A



Representative Harry Niska
Majority Leader
District 31A



Representative Kristin Robbins
Chair, Fraud Prevention and State Agency Oversight Committee
District 37A

CC: Emil Bove, Acting United States Deputy Attorney General
Dorothy A. Fink, M.D., Acting Secretary of the United States Department of Health and Human Services.

Encl: Minnesota Fraud and Waste Case Tracker, 2019 - 2025



Minnesota Department of Human Services
Elmer L. Andersen Building
Temporary Commissioner Shireen Gandhi
Post Office Box 64998
St. Paul, Minnesota 55164-0998

March 11, 2025

Dear Senator Gustafson and Senate Health and Human Services Committee Members:

I am writing with feedback regarding Senate File 856, which would establish an Office of the Inspector General (OIG) responsible for a number of program integrity functions in state government. DHS is committed to supporting people to thrive in community and live their healthiest and fullest lives — and we're committed to providing services that achieve these goals. Fraud against public programs is unacceptable. It harms the same people we're trying to help with these services. We continue to strengthen our ability to prevent, detect, and address fraud while furthering a culture of compliance at all levels of the agency. With this shared interest in preventing, detecting, and addressing fraud we offer the following comments on SF 856 and the A30 amendment.

DHS serves as Minnesota's single Medicaid state agency and is required under federal law to perform certain functions such as identifying, investigating, and referring suspected fraud cases (42 CFR §§ 455.12 – 455.23), in addition to screening, enrolling, and terminating providers (42 CFR §§ 455.400 – 455.470). DHS supports the spirit of the A30 amendment which aims to further mitigate federal compliance risks. Provisions in the A30 which demarcate jurisdiction of Medicaid fraud investigations and referrals address federal compliance and operational concerns. Duplicative investigatory functions would increase the likelihood for provider abrasion and compromised investigations, undermining our shared policy goal of rooting out bad actors. Investigations conducted by an independent OIG would not abdicate DHS's responsibility under federal law to fully vet, review, and confirm findings from another entity such as an independent OIG.

The provision in the A30 amendment that requires an interagency agreement with DHS governing how potential similar or duplicative investigations would be handled, reintroduces concerns about DHS federal compliance. The fiscal impact of which includes potential loss of federal funding, as well as policy concerns that duplicative investigations will diminish the State's capacity to address fraud.

Lastly, DHS appreciates clarifications related to staff transfers and looks forward to continued discussions to better understand which staff would or would not transfer to the new OIG agency. Without clarity on staff transfers and duplicative functions, we cannot complete a fiscal analysis on this bill.

Sincerely,

A handwritten signature in blue ink that reads 'Shireen K. Gandhi'.

Shireen Gandhi
Temporary Commissioner

* Underlining added by Health Policy Advocates

What is DHS trying to hide?

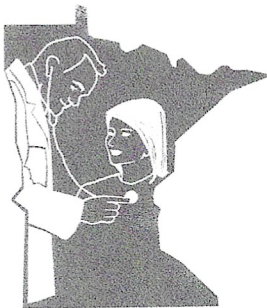
Why is DHS opposing independent investigators?

The letter on the reverse of this sheet entered into the public record for a March 12, 2025, Legislative hearing. In it, DHS makes claims which need to be explained, in plain language, to satisfy ordinary folks whose taxes pay Medicaid expenses.

What explains DHS's assertions that independent investigators into Minnesota's Medicaid can cause the following?

- Compromised investigations?
- Concerns about DHS federal compliance?
- Loss of federal funding?
- Reduced fraud handling capacity?

Legislators, when will you get these questions answered?



Health Policy Advocates is a multi-partisan citizen group of Minnesotans for health care justice. We seek transparency and accountability in our state's policy and operations, especially the Medicaid program.

Contact Diane Peterson, 651 487 8007, or Sharon Schmidt, 952 996 9070, or sschmidt776@usfamily.net.

4/21/25