



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