Regulatory Analysis

Notice of Intended Action to be published: 481—Chapters 73 and 83
"Medicaid Fraud Control Unit"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 10A.104(5)
State or federal law(s) implemented by the rulemaking: Iowa Code sections 10A.104(6), 10A.105, 10A.402(5), and 10A.403; 42 CFR §1007.11; 45 CFR §164.512(d); and Executive Order 10

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

October 21, 2025 1:30 p.m.	Ledges Conference Room 6200 Park Avenue Des Moines, Iowa

Information on virtual participation will be available on the Department of Inspections, Appeals, and Licensing's website prior to the hearing.

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

This proposed rulemaking rescinds Chapter 73, adopts a new Chapter 83, and implements Iowa Code section 10A.402 in accordance with the goals and directives of Executive Order 10.

Iowa Code section 10A.402 provides that the director of the Department shall coordinate the conduct of various audits and investigations, including investigating Medicaid fraud.

These rules provide information as to the investigatory authority and procedures of the Medicaid Fraud Control Unit (MFCU). The MFCU is tasked with the responsibility of protecting the integrity of Iowa's Medicaid program by investigating fraud, waste, and abuse committed by Medicaid providers, as well as investigating abuse/neglect of patients in health care and noninstitutional settings. The proposed rules delineate the types of investigations that fall under the MFCU's jurisdiction within its allocated state and federal authority; clarify which statutory definitions (State, federal, or both) by which the MFCU abides in its ordinary course of business; explain State and federal legal authority to obtain records and information during an investigation, including subpoena authority and how it is implemented and the confidentiality of MFCU investigatory materials.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

There should be no costs to the general public, but persons or entities that have to provide documentation pursuant to subpoenas may bear some costs.

- **Classes of persons that will benefit from the proposed rulemaking:**

Iowans will benefit from the proposed rulemaking through the collection of Medicaid funds that were fraudulently received and deterring others from attempting to fraudulently obtain Medicaid funds.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

In fiscal year 2025, the MFCU reported recoveries of $4,119,413 as a result of civil and criminal cases.

- **Qualitative description of impact:**

The rulemaking ensures that public funds are being spent wisely. If fraud is discovered during an investigation, every effort is made to recover those funds. Because of this rulemaking, citizens can be confident that every effort is made to address Medicaid fraud.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The MFCU has budgeted 11 full-time employee positions, 10 of which are currently filled. The MFCU's budget includes 75 percent federal funding, and there are no specific financial costs to the agency associated with implementation or enforcement outside of the MFCU's general operating costs, with the exception of minimal financial costs for the Unit to achieve proper service of a subpoena if it is unable to achieve service via facsimile or email.

- **Anticipated effect on State revenues:**

These rules do not have any effect on State revenues beyond those originating from MFCU's State-mandated and federally mandated duties and responsibilities, whether positively or negatively.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The MFCU is tasked with the responsibility of protecting the integrity of Iowa's Medicaid program by investigating fraud, waste, and abuse committed by Medicaid providers. Subpoenas, which are a minimal expense, are a necessary tool in any administrative, civil, or criminal investigation to legally obtain the information needed by the MFCU acting within its law enforcement capacity.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The MFCU's duties and responsibilities are mandated by State and federal law, and this proposed chapter provides no substantive requirement or restriction. The MFCU does allow (and prefer) the electronic submission and receipt of subpoenaed records to reduce the costs of copying documents, mailing, etc.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

See response to question five above.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

See response to question five above.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

There is not a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind and reserve **481—Chapter 73**.

ITEM 2. Adopt the following **new** 481—Chapter 83:

CHAPTER 83
MEDICAID FRAUD CONTROL UNIT

481—83.1(10A) Definitions.

"Abuse" or *"neglect"* means the same as "abuse of patients or residents" and "neglect of patients or residents" as defined in 42 CFR §1007.1 committed against:

1. A patient or resident of a health care facility as defined by 42 CFR §1007.1.
2. A resident in a board and care facility as defined by 42 CFR §1007.1.
3. A Medicaid beneficiary in a noninstitutional or other setting.

Such conduct may include but is not limited to violations under Iowa Code chapters 235B, 235E, 708, 709, 714, and 726.

"Director" means the same as defined in Iowa Code chapter 10A.

"Fraud" means the same as defined in 42 CFR §1007.1.

"Medicaid," "medical assistance program" or *"medical assistance"* means the same as defined in Iowa Code chapter 249A.

"Provider" means the same as defined in 42 CFR §1007.1.

"Unit" means the Iowa Medicaid fraud control unit.

481—83.2(10A) Investigative authority. The unit's investigative authority is found in Iowa Code chapter 10A, 42 CFR §1007.11, and 45 CFR §164.512(d).

481—83.3(10A) Access to records. The unit is authorized to request, review, and retain information and records necessary to investigate allegations within its state and federal authority. The unit is also a health oversight agency as defined by 45 CFR §164.501 and can receive protected health information pursuant to 45 CFR §164.512(d).

481—83.4(10A) Subpoenas. In addition to any subpoena provisions set forth in 481—Chapter 1, the following apply:

83.4(1) The unit may serve subpoenas during the course of an open investigation upon an individual, entity, or the individual's or entity's registered agent by:

a. Personal service.
b. U.S. mail.
c. Electronic transmission via facsimile or email.

83.4(2) The unit is authorized to determine the appropriate format and method by which the individual or entity is to provide the information in response to a subpoena duces tecum.

481—83.5(10A) Confidentiality. The unit will maintain the confidentiality of all investigative case information in accordance with Iowa Code chapters 22 and 685, 42 CFR §1007.11(f), 42 CFR Part 2, and any other applicable state or federal law.

These rules are intended to implement Iowa Code sections 10A.104(6), 10A.105, 10A.402(5), and 10A.403.