



FRAUD IN PUBLIC ASSISTANCE PROGRAMS REPORT

STATE FISCAL YEAR 2023

Submitted pursuant to Senate File 557

GET THE ANNUAL REPORT [ONLINE](#)

Table of Contents

Overview	3
Organization	3
Economic Fraud Control Bureau	4
Medicaid Fraud Control Unit	6
Public Assistance Debt Recovery Unit	7
Looking Forward	7
Annual Report Figures	8

Overview

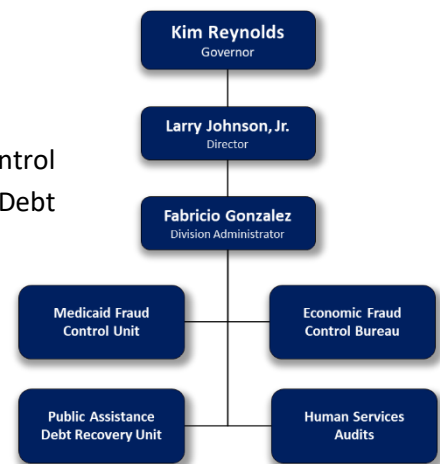
The Iowa Department of Inspections, Appeals, & Licensing is pleased to submit this report regarding the State fiscal year 2023 (SFY 23) activities of the Investigations Division pursuant to Senate File 557, which states in part:

By December 1, 2023, the department shall submit a report to the general assembly concerning the department's activities relative to fraud in public assistance programs for the fiscal year beginning July 1, 2022, and ending June 30, 2023. The report shall include but is not limited to a summary of the number of cases investigated, case outcomes, overpayment dollars identified, amount of cost avoidance, and actual dollars recovered.

Organization

The division is comprised of four distinct areas: the Economic Fraud Control Bureau, the Medicaid Fraud Control Unit, the Public Assistance Debt Recovery Unit, and the Human Services Audits Unit.

As the work product of the Human Services Audits Unit does not fall within the parameters of Senate File 557, a summary of their responsibilities is included here to provide a comprehensive overview of the division's SFY 23 activities.



This Human Services Audits Unit performs expenditure audits at local Iowa Department of Health and Human Services (Iowa HHS) offices to determine eligibility for federal reimbursements and to ensure compliance with State and federal funding requirements. Audits are also performed at residential care facilities, nursing facilities, and intermediate care facilities for the intellectually disabled, to ensure that residents' funds are being properly maintained. The audits are used to verify that Medicaid reimbursement procedures meet all applicable government requirements.

Economic Fraud Control Bureau

The bureau is primarily responsible for investigating the Iowa Department of Health and Human Services' public assistance programs, including the Supplemental Nutrition Assistance Program (SNAP); Electronic Benefit Transfer (EBT) card trafficking and/or misuse; Medicaid

recipients; the Family Investment Program; and Child Care Assistance.

The bureau further investigates allegations related to federally funded U.S. Department of Housing and Urban Development programs referred from regional housing authorities.

IOWA DEPARTMENT OF INSPECTIONS, APPEALS, & LICENSING
FRAUD IN PUBLIC ASSISTANCE PROGRAMS REPORT

The bureau also contracts with State agencies to conduct investigations on their behalf, including:

- **Iowa Department of Human Rights** to investigate fraud within the Low-Income Home Energy Assistance Program.
- **Iowa Department of Revenue** to investigate fraud related to tax matters.
- **Iowa Finance Authority** to investigate fraud within the Iowa Eviction and Foreclosure Prevention Program and the Iowa Rent and Utility Assistance Program.
- **Iowa Workforce Development** to investigate fraud within the Unemployment Compensation Program.

Investigators work closely with State and federal prosecutors and local law enforcement to gather evidence that may be used to prosecute individuals accused of defrauding Iowa’s public assistance programs.

In SFY 23, the bureau responded to **4,702** referrals.¹ Corresponding investigations resulted in total savings to the State of **\$8,231,670**, illustrated in Figure 1.

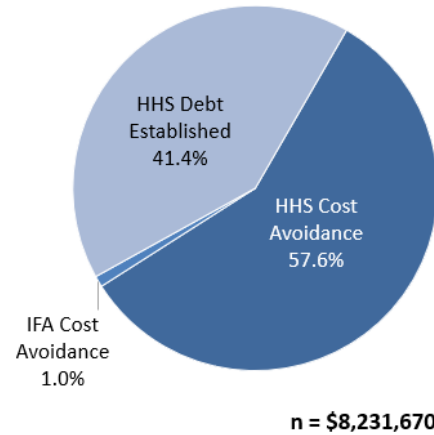


Figure 1. EFCB captured savings by type, SFY 23

SNAP INVESTIGATIONS

Of the 4,702 referrals with final case disposition handled by the bureau during the fiscal year, **95%** were related to SNAP investigations.

A SNAP overpayment claim may be established when a recipient commits an intentional program violation (IPV) or when an inadvertent household error (IHE) occurs.

INTENTIONAL PROGRAM VIOLATION

An IPV occurs when a household member intentionally: Makes a false or misleading statement, or misrepresents, conceals, or withholds facts to obtain SNAP benefits that the household is not entitled to receive; commits any act that violates federal or State law relating to SNAP benefits, or trafficking or misuse their EBT card.

In addition to establishing a claim for an IPV, household members determined to have committed an IPV are ineligible to participate in SNAP for a period determined by the violation.

¹ Referrals are allegations of fraud or abuse related to a specific investigative unit within the division.

IOWA DEPARTMENT OF INSPECTIONS, APPEALS, & LICENSING
FRAUD IN PUBLIC ASSISTANCE PROGRAMS REPORT

A household member cannot be disqualified until an administrative law judge determines the individual committed an IPV through an administrative disqualification hearing (ADH) or the individual signs an ADH waiver.

Cases in which EBT trafficking/misuse is found are referred by the EBT unit for an IPV on behalf of Iowa HHS.

Federal regulations require the bureau and Iowa HHS to report state-specific SNAP data to the U.S. Department of Agriculture Food and Nutrition Service (USDA-FNS) on a quarterly basis.

In SFY 23, Iowa HHS disqualified **266** SNAP recipients through an ADH. Out of the 266 IPV's reported to USDA-FNS, the EBT unit successfully disqualified 105 individuals through this process.

This combined effort from both agencies resulted in **\$711,600** cost avoidance; HHS \$384,350 and DIAL \$327,250.

INADVERTENT HOUSEHOLD ERROR

An IHE has occurred when an overpayment results from a misunderstanding or unintentional error by the household member.

The amount of the claim is equal to the amount of benefits overpaid due to the IPV or IHE.²

INVESTIGATIVE OUTCOMES

The bureau closed **4,702** investigations during SFY 23, as illustrated in Figure 2.

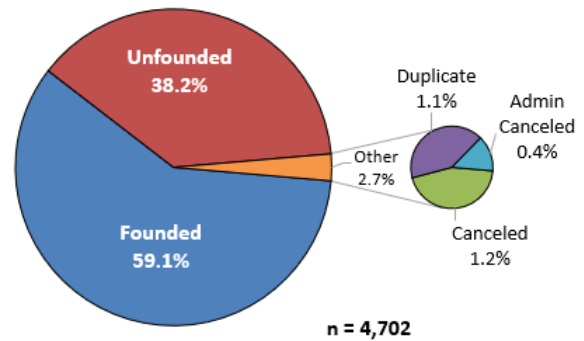


Figure 2. EFCB Investigative Outcome by Type, SFY 23

FOUNDED (2,778)

An investigation is founded if sufficient evidence supports the allegation(s) in the referral. A founded investigation may result in the establishment of a claim to recover the benefits over-issued, or the amount trafficked as well as the potential for civil and/or criminal prosecution.

UNFOUNDED (1,796)

An investigation is unfounded if evidence does not support the allegation(s) in the referral sufficient to affect the public assistance benefit or the information was reported to the referring agency correctly.

OTHER (128)

- Canceled (57) – The referring agency cancels or recalls the referral prior to commencement.
- Duplicate (53) – The referral was previously assigned to DIA investigatory personnel.
- Admin Canceled (18) – DIA management administratively cancels the investigation.

² SNAP allows states to keep a portion of the funds collected to repay IHE and IPV claims; retention rates are 35% for IPV claims and 20% for IHE claims. [7 C.F.R. 273.18 \(k\) \(2020\)](#).

TOTAL COST AVOIDANCE

As a result of the bureau’s investigative work, the DIAL documented **\$4,743,981** in total cost avoidance for SFY 23. A breakdown of cost avoidance by Iowa HHS programs is illustrated in Figure 3.

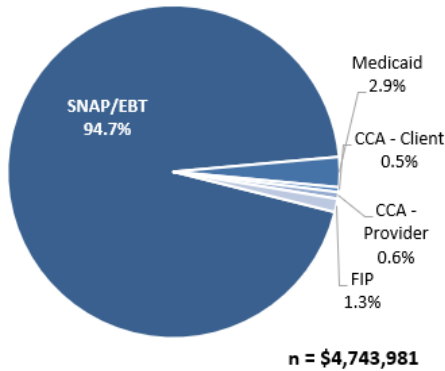


Figure 3. Cost Avoidance by Program, SFY 23

Medicaid Fraud Control Unit

The mission of the Medicaid Fraud Control Unit ³ (MFCU) is to maintain the integrity of the Iowa Medicaid program and the provision of Medicaid services by investigating allegations of fraud committed against the Iowa Medicaid program, fraudulent activities, and patient abuse pertaining to the provision of Medicaid goods and services.

At the close of SFY 23, MFCU maintained **272** open cases consisting of 241 fraud cases (88.6%) and 31 patient abuse cases (11.4%). The 241 fraud cases consisted of 178 multi-state civil cases assigned to the MFCU assistant attorney general and 63 criminal and in-state civil fraud cases assigned to MFCU personnel.

In SFY 23, MFCU reported recoveries totaling **\$3,493,741** as a result of criminal and civil cases.

Global cases consist primarily of multi-state civil fraud cases that include Iowa and are resolved by settlement and litigation teams assigned by the [National Association of Medicaid Fraud Control Units](#) that result in recoveries of all the participating states’ shares of Medicaid dollars.

In-state civil cases consist primarily of fraud cases originating in Iowa and being resolved through cooperation between MFCU and the U.S. Attorney’s Offices of the Northern and Southern Districts of Iowa.

Criminal cases consist primarily of cases investigated by MFCU and prosecuted by local county attorneys throughout the state, or by federal prosecuting agencies.

The breakdown of recovery sources during SFY 23 was predominantly civil cases, as illustrated in Figure 4.

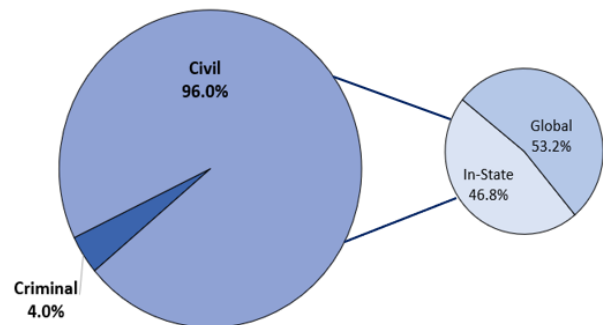


Figure 4. Source of MFCU Recoveries, SFY 23

³ The Iowa MFCU receives 75% of its funding from the U.S. Department of Health and Human Services under a grant award totaling \$969,004 for the Federal Fiscal Year 2023. The remaining

25%, totaling \$322,999 for Federal Fiscal Year 2023 is funded by the State of Iowa.

Public Assistance Debt Recovery Unit

The Public Assistance Debt Recovery Unit (PADRU) initiates collections of overpayment debts owed to Iowa HHS as a result of payments made to recipients from the State's public assistance programs.

Programs include the Medicaid program, Family Investment Program (FIP), Supplemental Nutrition Assistance Program (SNAP), Promise Jobs, HAWK-I, IowaCare, Child Care Assistance, and Divestiture.

In SFY 23, PADRU collected **\$2,885,981** in overpayments for benefits that were issued to Iowa HHS recipients in error. The total debt owed to the State at the conclusion of SFY 23 was **\$45,160,204**.

In total, **2,441** new overpayment claims were entered into Iowa HHS' web-based overpayment recovery system (WOPR). The total value of the claims entered into WOPR during SFY 23 was **\$5,224,135** or approximately \$2,140 per claim.

PADRU staff collect on these newly established debts through a variety of methods, including repayment agreements, judgments, wage garnishment, and income tax offsets.

Looking Forward

The division remains committed to reducing fraud, waste, and abuse in the state's public assistance and benefit programs, and will continue to collaborate with local, State, and federal partners to protect the integrity of Iowa's public assistance programs.

Annual Report Figures

Figure 1. EFCB-Captured Savings by Type, SFY 23	4
Figure 2. EFCB Investigative Outcomes by Type, SFY 23	5
Figure 3. Cost Avoidance by Program, SFY 23	6
Figure 4. Source of MFCU Recoveries, SFY 23	7

Get the Annual Report [online](#)

Iowa Department of Inspections, Appeals, & Licensing
Investigations Division
6200 Park Avenue, Suite 100
Des Moines, IA 50321 | <https://dial.iowa.gov/>
Tel: 515.281.7102