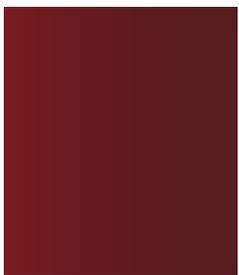
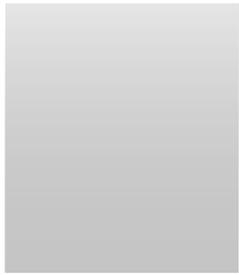
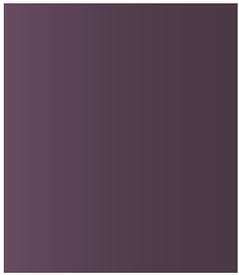
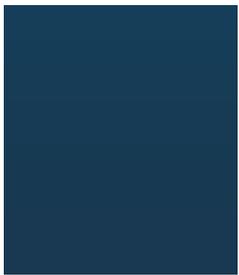


Fraud

IN PUBLIC ASSISTANCE



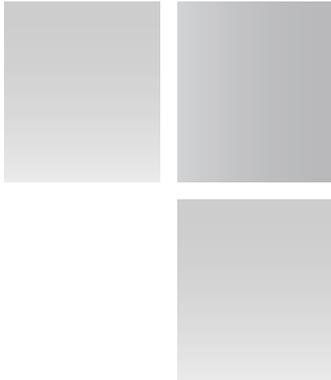


TABLE OF CONTENTS

Overview 2

Organization 3

Economic Fraud Bureau..... 4

Medicaid Fraud Control Unit 6

Public Assistance Debt Recovery Unit 7

Looking Forward..... 7

OVERVIEW

The Iowa Department of Inspections, Appeals, & Licensing is pleased to submit this report regarding the State fiscal year 2024 (SFY2024) activities of the Investigations Division pursuant to Senate File 2433, which states in part:

By December 1, 2024, 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, 2023, and ending June 30, 2024. 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 comprises five distinct areas: the Economic Fraud Bureau, the Medicaid Fraud Control Unit, the Public Assistance Debt Recovery Unit, the Audits Unit, and the Wage and Child Labor Unit.

As the work product of the Audits Unit and the Wage and Child Labor Unit does not fall within the parameters of Senate File 2433, a summary of their responsibilities is included here to provide a comprehensive overview of the division's SFY2024 activities.

This 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.

As a result of the government realignment, the Wage and Child Labor Unit (WCLU) was integrated within the Investigation Division of the Department of Inspections, Appeals, and Licensing. The WCLU protects Iowa's children from hazards and overwork, with protections varying by age. The WCLU also enforces Iowa wage law. The WCLU investigates issues like illegal deductions, unpaid expenses, and wage reductions.

Larry Johnson, Jr.
Director
Aaron Baack
Deputy Director

Investigations Division

Audits Unit

Public Assistance Debt
Recovery Unit

Economic Fraud Bureau

Economic Fraud Unit East

Economic Fraud Unit West

Wage & Child Labor Unit

Medicaid Fraud Control Unit

ECONOMIC FRAUD CONTROL BUREAU

The bureau is primarily responsible for investigating Iowa HHS' 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.

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

- **Iowa Department of Homeland Security and Emergency Management.** Investigates fraud within the Iowa Individual Assistance Grant Program.
- **Iowa Department of Revenue.** Investigates tax fraud.
- **Iowa Finance Authority.** Investigates fraud within the Homeowner Assistance Fund and the Iowa Rent and Utility Assistance programs.
- **The Linn County of Iowa Community Services.** Investigates the Linn County Emergency Rent Assistance 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 SFY2024, the bureau responded to 4,986 referrals.¹ Corresponding investigations resulted in total savings to the State of \$8,691,149, illustrated in Figure 1.

SNAP Investigations

Of the 4,714 referrals with final case disposition handled by the bureau during the fiscal year, 93% 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.

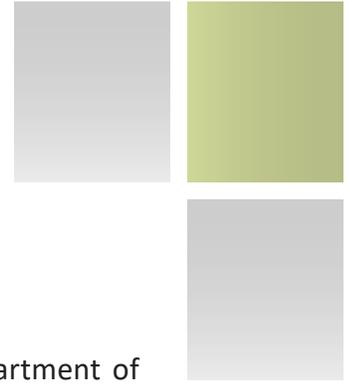
Intentional Program Violations

An IPV occurs when a household member intentionally:

- Makes a false or misleading statement
- 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
- Traffics or misuses 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.

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



Cost Avoidance vs Debt Established

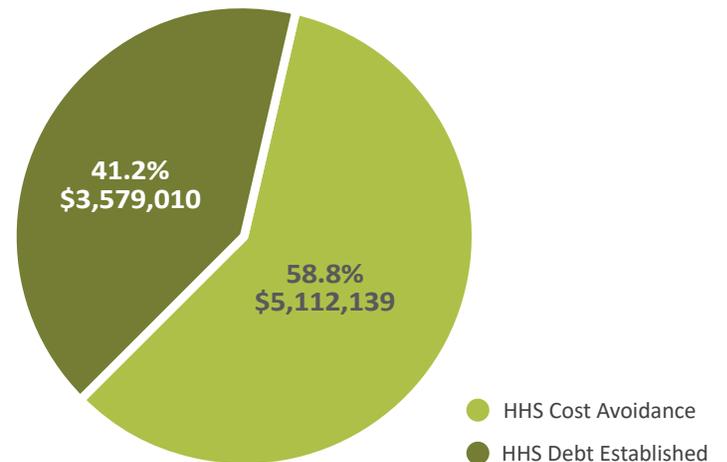


Fig 1.

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 SFY2024, Iowa HHS disqualified 279 SNAP recipients through an ADH. Out of the 279 IPV's reported to USDA-FNS, the EBT unit disqualified 60 individuals through this process.

This combined effort from both agencies resulted in a cost avoidance of \$973,517: \$818,684 for HHS and \$154,823 for DIAL.

Inadvertent Household Errors

An IHE occurs 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 4,987 investigations during SFY2024.

FOUNDED (2,871)

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 over-issued benefits, or the amount trafficked, as well as the potential for civil and/or criminal prosecution.

UNFOUNDED (1,906)

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 (262)

- Canceled (57) – The referring agency cancels or recalls the referral before the investigation begins.
- Duplicate (109) – The referral was previously assigned to DIAL investigatory personnel.
- Admin Canceled (44) – DIAL management administratively cancels the investigation.

TOTAL COST AVOIDANCE

As a result of the bureau's investigative work, DIAL documented **\$4,957,315** in total cost avoidance for SFY2024.

Investigative Outcomes

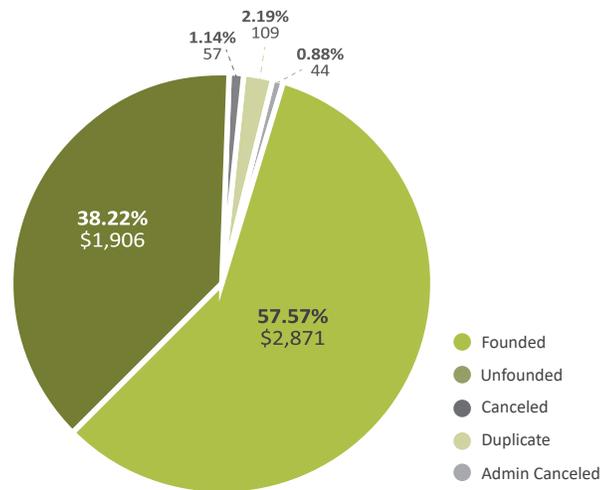


Fig 2.

Cost Avoidance by Program

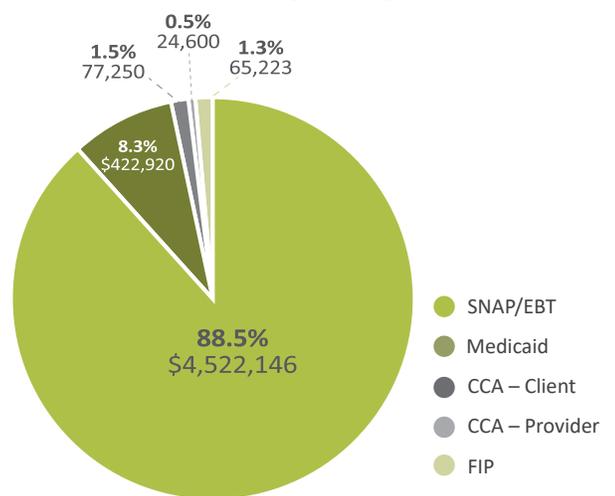


Fig 3.

²SNAP 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).

MEDICAID FRAUD CONTROL UNIT

The mission of the Medicaid Fraud Control Unit³ (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 SFY2024, MFCU maintained 266 open cases consisting of 230 fraud cases (86.5%) and 36 patient abuse cases (13.5%). The 230 fraud cases consisted of 184 multi-state civil cases assigned to the MFCU assistant attorney general and 46 criminal and in-state civil fraud cases assigned to MFCU personnel.

In SFY2024, MFCU reported recoveries totaling \$169,517 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 SFY2024 is as follows:

- Civil – \$46,441 (27.4%)
- Criminal – \$123,076 (72.6%)

PUBLIC ASSISTANCE DEBT RECOVERY UNIT

The Public Assistance Debt Recovery Unit (PADRU) initiates collections of overpayments made by Iowa HHS to recipients from the State's public assistance programs.

Programs include Medicaid, Family Investment Program (FIP), Supplemental Nutrition Assistance Program (SNAP), PROMISE JOBS, HAWK-I, IowaCare, Child Care Assistance, Rent Reimbursement Program and divestiture.

In SFY2024, PADRU collected \$3,027,795 in overpayments for benefits that were issued to Iowa HHS recipients in error. The total debt owed to the State at the conclusion of SFY2024 was \$46,688,525.

In total, 2,585 new overpayment claims were made. The total value of the claims during SFY2024 was \$6,171,541 or approximately \$2,387 per claim.

PADRU staff collect on these newly established debts through a variety of methods, including repayment agreements, judgments, wage garnishment, income tax offsets, and Iowa Department of Revenue (IDR) set offs.

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.

³The Iowa MFCU receives 75% of its funding from the U.S. Department of Health and Human Services under a grant award totaling \$1,063,516 for the Federal Fiscal Year 2024. The remaining 25%, totaling \$354,503 for Federal Fiscal Year 2024 is funded by the State of Iowa.



**Department of Inspections,
Appeals, & Licensing**

DIAL Headquarters

6200 Park Ave., Suite 100
Des Moines, IA 50321
Phone: 515.281.3425

Administrative Hearings Division

Wallace State Office Building
502 E. Ninth Street, Third Floor
Des Moines, IA 50319
Phone: 515.281.6468

Worker's Compensation Division

150 Des Moines Street
Des Moines, IA 50309
Phone: 515.725.4120

