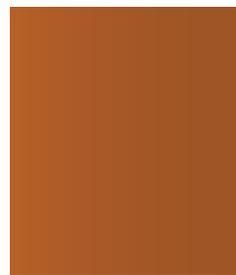
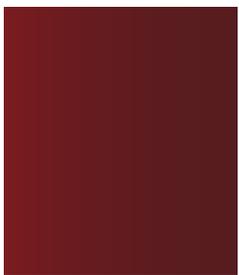
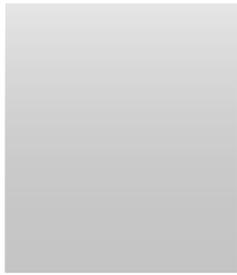
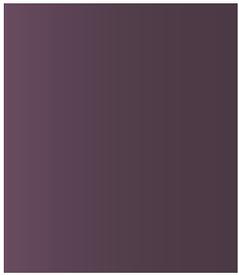
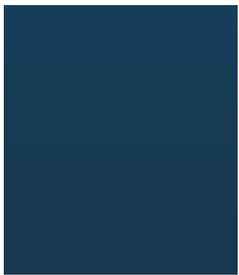




Fraud

IN PUBLIC ASSISTANCE



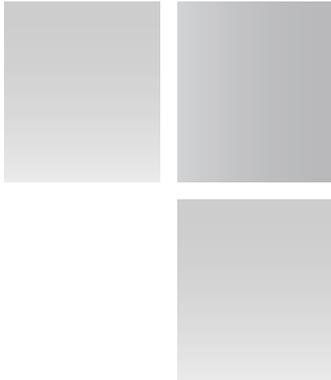


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OVERVIEW

The Iowa Department of Inspections, Appeals, & Licensing is pleased to submit this report regarding the State fiscal year 2025 (SFY25) activities of the Investigations Division pursuant to House File 1044, which states in part:

By December 1, 2025, 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, 2024, and ending June 30, 2025. 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 five distinct areas: The Economic Fraud Bureau, the Medicaid Fraud Control Unit, the Public Assistance Debt Recovery Unit, and two units not associated with this report, the Audits Unit, and the Wage and Child Labor Unit.

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; Rent Reimbursement; 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 and County agencies to conduct investigations on their behalf, including:

- **Iowa Department of Homeland Security and Emergency Management** to investigate fraud within the Iowa Individual Assistance Grant Program.
- **Iowa Department of Revenue** to investigate false, frivolous, and fraudulent tax matters.
- **Iowa Finance Authority** to investigate fraud within the Iowa Eviction and Foreclosure Prevention Program and the Iowa Rent and Utility Assistance Program.
- **The Linn County of Iowa Community Services** to investigate 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 SFY25, the bureau responded to **4,442** referrals.¹ Corresponding investigations resulted in total in \$3,178,921 in HHS Debt Established and of \$4,280,128 calculated HHS Cost Avoidance to the State for a total of **\$7,459,049**, illustrated in Figure 1.

SNAP Investigations

Of the 5,237 program referrals with final case disposition handled by the bureau during the fiscal year, **71.82%** 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.

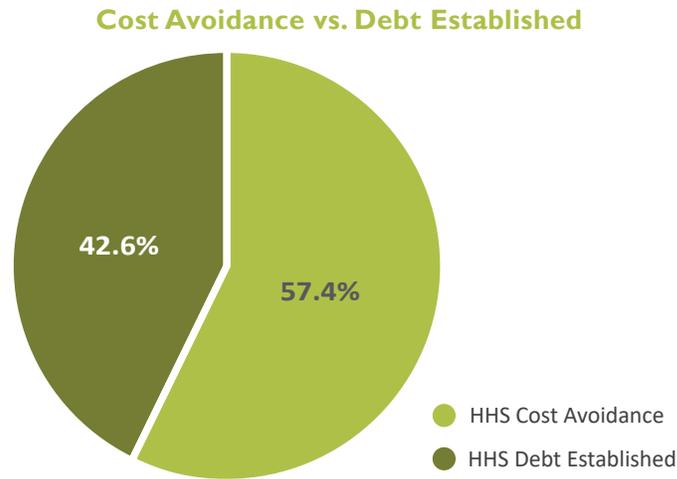


Fig 1.

Intentional Program Violations

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.

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 SFY25, Iowa HHS disqualified **332** SNAP recipients through an ADH. Out of the 332 IPV's reported to USDA-FNS, the EBT unit successfully disqualified 144 individuals through this process.

This combined effort from both agencies resulted in **\$911,077** cost avoidance; HHS \$513,187 and DIAL \$397,890.

Inadvertent Household Errors

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

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

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).

Investigative Outcomes

The bureau completed 4,442 investigations during SFY25. Of the bureaus completed investigations, HHS was able to calculate claims for \$3,178,921 based on eligibility requirements.

TOTAL COST AVOIDANCE

As a result of the bureau's investigative work, the DIAL documented **\$4,280,128** in total cost avoidance for SFY25. A breakdown of cost avoidance by Iowa HHS programs is illustrated in Figure 2. Total cost avoidance is determined by how many months were remaining in a certification period of a household multiplied by the allotment. A certification period is generally six months, although in some cases can be 12 months.

Cost Avoidance by Program

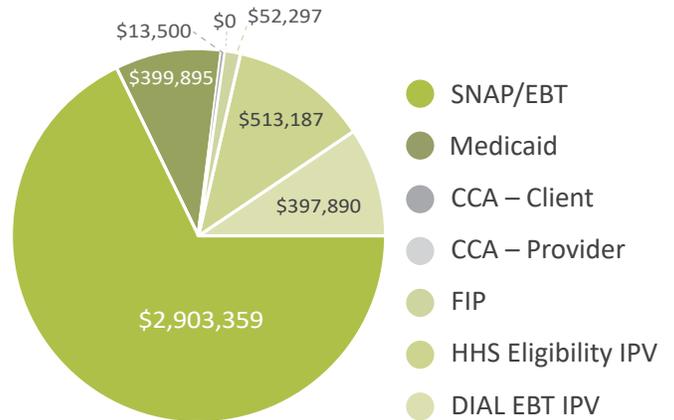


Fig 2.

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 SFY25, MFCU maintained **267** open cases consisting of 232 fraud cases (86.9%) and 35 patient abuse cases (13.1%). The 232 fraud cases consisted of 188 multi-state civil cases assigned to the MFCU assistant attorney general and 44 criminal and in-state civil fraud cases assigned to MFCU personnel.

In SFY25, MFCU reported recoveries totaling **\$4,119,413** 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 SFY25 is as follows:

- Civil – \$4,031,220 (97.9%)
- Criminal – \$88,193 (2.1%)

³Iowa MFCU receives 75% of its funding from the U.S. Department of Health and Human Services under a grant award totaling \$1,030,860 for the Federal Fiscal Year 2025. The remaining 25%, totaling \$343,618 for Federal Fiscal Year 2025 is funded by the State of Iowa.

MFCU Reported Recoveries

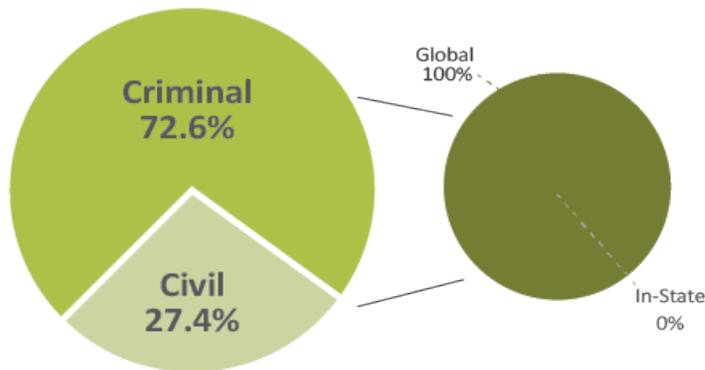


Fig 3.

PUBLIC ASSISTANCE DEBT RECOVERY UNIT

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

Programs include the Medical Assistance programs, Supplemental Nutrition Assistance Program (SNAP), Cash Assistance, Promise Jobs, Child Care Assistance, Rent Reimbursement and Divestiture.

In SFY25, PADRU collected **\$3,365,724** in overpayments for benefits that were issued to Iowa HHS recipients in error. The total debt owed to the State at the conclusion of SFY25 was **\$47,722,188**.

In total, **2,795** new overpayment claims were entered into Iowa HHS' web-based overpayment recovery system (WOPR). The total value of the claims entered into WOPR during SFY25 was **\$5,699,674** or approximately \$2,039 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.



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