

EXPENDITURES AND RECEIPT OF MONEYS

FY	Expenditures				Total	Receipts	Balance
	Technology	Boarding Home Activities	Cost Sharing	Other			
02	\$7,845.21	N/A	\$95,150.14	\$0.00	\$102,995.35	\$105,708.58 4 cases	\$2,713.23
03	\$1,171.60	N/A	\$118,426.94	\$0.00	\$119,598.54	\$121,221.56 3 cases	\$4,336.25
04	\$0.00	N/A	\$205,626.86	\$0.00	\$205,626.86	\$772,644.74 3 cases	\$571,354.13
05	\$0.00	N/A	\$229,266.24	\$0.00	\$229,266.24	\$375,154.69 4 cases	\$717,242.58
06	\$0.00	N/A	\$243,012.41	\$0.00	\$243,012.41	\$24,978.13 2 cases	\$499,208.30
07	\$0.00	N/A	\$240,876.37	\$0.00	\$240,876.37	\$760,510.69 2 cases	\$1,018,842.62
08	\$0.00	N/A	\$244,766.32	\$0.00	\$244,766.32	\$491,183.14 4 cases	\$1,265,259.44
09	\$2,879.00	N/A	\$247,704.05	\$53,412.09 (\$47,390.19 – office redesign, including building an interview room that meets law enforcement standards and protects the privacy and confidentiality of the interviewee) (\$1,596.90 – travel) (\$4,425 NAMFCU dues)	\$303,995.14	\$3,172,988.32 3 cases	\$4,134,252.62
10	\$0.00	\$177,385.98	\$244,831.23	\$773,526.04 (Transfer to Investigations Division and adjustment for prior year)	\$1,195,743.25	\$1,254,467.89 11 cases	\$4,192,977.26

<u>FY</u>	<u>Expenditures</u>				<u>Receipts</u>	<u>Balance</u>
	<u>Technology</u>	<u>Boarding Home Activities</u>	<u>Cost Sharing</u>	<u>Other</u>		
11 Thru 12/10		\$57,854.85	\$148,064.92	\$573,551.03 (Transfer for Assisted Living, EBT, and SF 2333, as appropriated, and adjustment for prior year)	\$3,334,286.17	\$6,747,792.63

Information Related to Funding for HSB 289 and SF 484

The Medicaid Fraud Control Unit (MFCU) of the Investigations Division of the Department of Inspections and Appeals (Department) is responsible for meeting federal mandates regarding Medicaid Provider Fraud and Criminal Dependent Adult Abuse. MFCU Staff investigate cases in these two areas. Both types of cases are referred to county attorneys or U.S. Attorneys and may result in prosecution of the defendants. In some situations, the National MFCU may identify cases that impact multiple (and often all) states, and there will be a coordinated effort to prosecute on behalf of the states involved.

As part of the prosecution of a Medicaid Provider Fraud case, the Department of Human Services' Medicaid program receives reimbursement for the dollars lost as a result of the fraudulent act. In addition, the prosecution may result in penalties and other recoveries that are provided to the MFCU. Penalties and other recoveries received are retained in a special MFCU account within the Department.

Historically, the Federal Office of Inspector General's interpretation for use of the moneys in the special account were to be utilized to support the MFCU. Funds were utilized in the early days for training and technology purposes for MFCU. Starting in FY02, the Department sought permission to use these funds to offset the State appropriation share of MFCU funding (MFCU is funded 25% General Fund and 75% Federal Funds for both activity areas). The Department did this to maximize the Department's reversion to the General Fund. In subsequent years, the Department continued to use these funds to offset the 25% state share but did not necessarily earmark the funds for reversion. The State share was used by the Investigations Division to enhance the Divestiture Recovery Program, which has resulted in additional Medicaid dollars being identified and collected for the State. It is important to note that the State share for MFCU still has to be appropriated in accordance with the Federal reimbursement requirements.

At no time have the funds been utilized in other divisions of the Department. We have continued to utilize the funds for training and technology purposes for MFCU and to cover the division's physical rearrangement, which would otherwise not have been possible.

MFCU has collected \$4,021,983.39 since it first began receiving these funds and has spent \$1,619,524.72, leaving a balance of \$2,402,458.67. This does not include any moneys that are encumbered for the remainder of the fiscal year.

Because of the Atalissa situation and the budget crisis, the Governor's Task Force on Dependent Adults with Mental Retardation recommended, as one funding source, serious consideration of dedicating funds from national prosecutions to implement the initial recommendations of the Task Force. Given the dramatic budget reductions for FY10, the agencies involved in the implementation of the Task Force recommendations will be challenged to meet current state and federal mandates. These funds would allow the Department of Inspections and Appeals, Department of Human Services, the Department of Public Safety, and other agencies the necessary resources to fulfill their additional responsibilities under new chapter 135O.

The Department of Inspections and Appeals supports the Task Force recommendation.

**Information for the Joint Government Oversight Committee
Related to the Medicaid Fraud Account Established in SF 484**

SF 484, 2009 legislative session, established a Medicaid Fraud Account under the authority of the Department of Inspections and Appeals. The moneys in the account come from national prosecution cases related to the Medicaid Fraud Control Unit (MFCU) of the Investigations Division of the Department of Inspections and Appeals (Department). The Account "shall be used for costs associated with the department of inspections and appeals' efforts to address medical assistance program fraud and abuse and for costs incurred by the department of inspections and appeals or other agencies in providing regulation, responding to allegations, or other activity involving chapter 1350", which is the Boarding Home chapter.

MFCU is responsible for meeting federal mandates regarding Medicaid Provider Fraud and Criminal Dependent Adult Abuse. MFCU Staff investigate cases in these two areas. Both types of cases are referred to county attorneys or U.S. Attorneys and may result in prosecution of the defendants. Other Investigations Division Staff also investigate cases of fraud and abuse by recipients or through a transfer of assets related to the medical assistance program

The National MFCU often identifies cases that impact multiple (and often all) states, and undertakes a coordinated effort to prosecute on behalf of the states involved. Each state works with the national team to investigate and provide information for the case. As part of the prosecution of a Medicaid Provider Fraud case, the Department of Human Services' Medicaid program receives reimbursement for the dollars lost as a result of the fraudulent act. In addition, the prosecution may result in penalties and other recoveries that are provided to the MFCU.

It appears that although the national cases began in 1993, Iowa MFCU did not begin receiving the penalties and other recoveries moneys until late 2001 (FY02).

The information about these moneys is on the I-3 system and shows the activity each year. Every year during our financial audit, the State Auditor's Office pulls the documentation on these moneys and has never written an audit exception on the use or retention of the moneys.

These moneys have historically been retained and used solely within the Investigations Division to support the MFCU, mainly for training and technology. Since FY02, Iowa has used the moneys to offset the 25% state match (cost sharing) for MFCU 75% federal funding – that is \$3.00 federal for every \$1.00 state. A state appropriation match of 25% is still required to obtain 75% federal funding.

Between FY02 and through the second quarter of FY10, \$6,924,737.97 has been collected and \$2,696,514.81 has been expended, leaving a balance of \$4,228,223.16.

NOTE: Please see attached table showing each year's revenues and expenditures.