

Session of 2025

## HOUSE BILL No. 2217

By Committee on Health and Human Services

Requested by Representative Bryce on behalf of the Attorney General's Office

2-3

AN ACT concerning the attorney general; relating to the office of the inspector general and the powers, duties and responsibilities thereof; expanding the power of the inspector general to investigate and audit all state cash, food and health assistance programs; amending K.S.A. 75-7427 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 75-7427 is hereby amended to read as follows: 75-7427. (a) As used in this section:

(1) "Attorney general" means the attorney general of the state of Kansas, employees of the attorney general or authorized representatives of the attorney general.

(2) "Benefit" means the receipt of money, goods, items, facilities, accommodations or anything of pecuniary value.

(3) "Cash assistance" means assistance that is administered and provided by the secretary for children and families to individuals for a family's ongoing basic needs.

(4) "Claim" means an electronic, electronic impulse, facsimile, magnetic, oral, telephonic or written communication that is utilized to identify any goods, service, item, facility or accommodation as reimbursable to ~~the any state-medicaid cash, food or health assistance program, or its the state's fiscal agents, the state medikar program or the state children's health insurance program~~ or ~~which~~ that states income or expense.

~~(4)~~(5) "Client" means past or present beneficiaries or recipients of ~~the any state-medicaid cash, food or health assistance program, the state medikar program or the state children's health insurance program.~~

~~(5)~~(6) "Contractor" means any contractor, supplier, vendor or other person who, through a contract or other arrangement, has received, is to receive or is receiving public funds or in-kind contributions from the contracting agency as part of ~~the any state-medicaid cash, food or health assistance program, the state medikar program or the state children's health insurance program,~~ and ~~shall include~~ includes any subcontractor.

~~(6)~~(7) "Contractor files" means those records of contractors ~~which~~ that relate to ~~the any state-medicaid cash, food or health assistance~~

1 (E) the power to serve and execute in any county search warrants  
 2 that relate to investigations being executed by the office of the inspector  
 3 general. ~~Access to contractor files shall be limited to those files necessary~~  
 4 ~~to verify the accuracy of the contractor's invoices or its compliance with~~  
 5 ~~the contract provisions. No health care provider shall be compelled to~~  
 6 ~~provide individual medical records of patients who are not clients of such~~  
 7 ~~a program or programs.~~

8 (2) Access to contractor files shall be limited to those files necessary  
 9 to verify the accuracy of the contractor's invoices or its compliance with  
 10 the contract provisions. No healthcare provider shall be compelled to  
 11 provide individual medical records of patients who are not clients of such  
 12 a program or programs.

13 (h) The inspector general shall report all convictions, terminations  
 14 and suspensions taken against vendors, contractors and ~~health care~~  
 15 ~~healthcare~~ providers to any agency contracting with or responsible for  
 16 licensing or regulating those persons or entities. If the inspector general  
 17 determines reasonable suspicion exists that an act relating to the violation  
 18 of an agency licensure or regulatory standard has been committed by a  
 19 vendor, contractor or ~~health care~~ healthcare provider who is licensed or  
 20 regulated by an agency, the inspector general shall immediately notify  
 21 such agency of the possible violation, *unless such notification would*  
 22 *jeopardize an ongoing criminal investigation.*

23 (i) The inspector general shall make ~~annual reports~~, findings and  
 24 recommendations regarding the office's investigations into reports of  
 25 fraud, waste, abuse and illegal acts relating to any such programs to the  
 26 appropriate state agency, the legislative post auditor, the committee on  
 27 ways and means of the senate, the committee on appropriations of the  
 28 house of representatives, the attorney general and the governor. ~~These~~  
 29 ~~Such reports~~ shall include, but not be limited to, the following information:

30 ~~(1) Aggregate provider billing and payment information;~~ (2) The  
 31 number and type of audits of such programs administered by the  
 32 department of health and environment conducted and the dollar savings, if  
 33 any, resulting from those audits;

34 ~~(3)(2) health care~~ healthcare provider sanctions, in the aggregate,  
 35 including terminations and suspensions; and

36 ~~(4)(3) a detailed summary of the investigations undertaken in the~~  
 37 previous fiscal year, ~~which summaries~~ that shall comply with all laws and  
 38 rules and regulations regarding maintaining confidentiality in such  
 39 programs.

40 (j) Based upon the inspector general's findings under subsection (c),  
 41 the inspector general may make such recommendations to the state agency  
 42 or agencies ~~which~~ that administer such program or programs or the  
 43 legislature for changes in law, rules and regulations, policy or procedures

an annual report that includes

The report shall be submitted on or  
before January 11, 2027.

report

1 (o) All information and records of the inspector general that are  
2 made, maintained, kept, obtained or received under any investigation or  
3 audit under this section shall be confidential, except as required or  
4 authorized pursuant to this section.

5 ~~Sec. 2. K.S.A. 75-7427 is hereby repealed.~~

6 Sec. 3. This act shall take effect and be in force from and after its  
7 publication in the statute book.

Sec. 2 - See Attachment A

On and after July 1, 2027, K.S.A. 75-7427, as amended by section 1 of this act, is hereby repealed.

*Renumber sections accordingly*

## Attachment A

Sec. 2. On and after July 1, 2025, K.S.A. 75-7427, as amended by section 1 of this act, is hereby amended to read as follows: 75-7427. (a) As used in this section:

(1) "Attorney general" means the attorney general of the state of Kansas, employees of the attorney general or authorized representatives of the attorney general.

(2) "Benefit" means the receipt of money, goods, items, facilities, accommodations or anything of pecuniary value.

(3) "Cash assistance" means assistance that is administered and provided by the secretary for children and families to individuals for a family's ongoing basic needs.

(4) "Claim" means an electronic, electronic impulse, facsimile, magnetic, oral, telephonic or written communication that is utilized to identify any goods, service, item, facility or accommodation as reimbursable to any state cash, food or health assistance program, the state's fiscal agents or that states income or expense.

(5) "Client" means past or present beneficiaries or recipients of any state cash, food or health assistance program.

(6) "Contractor" means any contractor, supplier, vendor or other person who, through a contract or other arrangement, has received, is to receive or is receiving public funds or in-kind contributions from the contracting agency as part of any state cash, food or health assistance program and includes any subcontractor.

(7) "Contractor files" means those records of contractors that relate to any state cash, food or health assistance program.

(8) "Fiscal agent" means any corporation, firm, individual, organization, partnership, professional association or other legal entity that, through a contractual relationship with the state of Kansas, receives, processes and pays claims under state cash, food or medical assistance programs.

(9) "Food assistance" means assistance that is administered by the United States department of agriculture and provided by the secretary for children and families to individuals for eligible food products.

(10) "Health assistance" means the medicaid program, the state children's health insurance program and the state employee health benefits plan as established by K.S.A. 75-37,162, and amendments thereto.

(11) "Healthcare provider" means a healthcare provider as defined under K.S.A. 65-4921, and amendments thereto, who has applied to participate in, who currently participates in, or who has previously participated in the state health assistance program.

(12) "Managed care program" means a program that provides coordination, direction and provision of health services to an identified group of individuals by providers, agencies or organizations.

(13) "Medicaid program" means the Kansas program of medical assistance for which federal or state moneys, or any combination thereof, are expended or any successor federal or state, or both, health insurance program or waiver granted thereunder.

(14) "Person" means any agency, association, corporation, firm, limited liability company, limited liability partnership, natural person, organization, partnership or other legal

entity, the agents, employees, independent contractors, and subcontractors, thereof, and the legal successors thereto.

(15) "Provider" means a person who has applied to participate in, who currently participates in, who has previously participated in, who attempts or has attempted to participate in the state cash, food or health assistance programs by providing or claiming to have provided goods, services, items, facilities or accommodations.

(16) "Recipient" means an individual, either real or fictitious, on whose behalf any person claimed or received any payment or payments from the state cash, food or health assistance programs, or the state's fiscal agents, whether or not any such individual was eligible for benefits under the state cash, food or health assistance programs.

(17) "Records" means all written documents and electronic or magnetic data, including, but not limited to, medical records, x-rays, professional, financial or business records relating to the treatment or care of any recipient, goods, services, items, facilities or accommodations provided to any such recipient, rates paid for such goods, services, items, facilities or accommodations, and goods, services, items, facilities or accommodations provided to nonmedicaid recipients to verify rates or amounts of goods, services, items, facilities or accommodations provided to state cash, food or health assistance recipients, as well as any records that the state cash, food or health assistance program, or the state's fiscal agents, the state mediKan program or the state children's health insurance program require providers to maintain.

(18) "State children's health insurance program" means the state children's health insurance program as provided in K.S.A. 38-2001 et seq., and amendments thereto.

(b) (1) There is hereby established within the office of the attorney general the office of inspector general. All budgeting, purchasing, related management functions and personnel of the

office of inspector general shall be administered under the direction and supervision of the attorney general. The purpose of the office of inspector general is to establish a full-time program of audit, investigation and performance review to provide increased accountability, integrity and oversight of the state cash, food or health assistance programs, and to assist in improving agency and program operations and in deterring and identifying fraud, waste, abuse and other illegal acts. The office of inspector general shall be independent and free from political influence and in performing the duties of the office under this section shall conduct investigations, audits, evaluations, inspections and other reviews in accordance with professional standards that relate to the fields of investigation and auditing in government.

(2) (A) The inspector general shall be appointed by the attorney general with the advice and consent of the senate and subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto. Except as provided in K.S.A. 46-2601, and amendments thereto, no person appointed to the position of inspector general shall exercise any power, duty or function of the inspector general until confirmed by the senate. The inspector general shall be selected without regard to political affiliation and on the basis of integrity and capacity for effectively carrying out the duties of the office of inspector general. The inspector general shall possess demonstrated knowledge, skills, abilities and experience in conducting audits or investigations and shall be familiar with the programs subject to oversight by the office of inspector general.

(B) No former or current executive or manager of any program or agency subject to oversight by the office of inspector general may be appointed inspector general within two years of that individual's period of service with such program or agency. A former or current inspector general shall not be employed as an executive or manager for any program or agency subject to

the oversight by the office of the inspector general for a period of two years after such inspector general's period of service as the inspector general has concluded. The inspector general shall hold at time of appointment, or shall obtain within one year after appointment, certification as a certified inspector general from a national organization that provides training to inspectors general.

(C) A person appointed to the position of inspector general shall serve for a term that shall expire on January 15 of each year in which the whole senate is sworn in for a new term.

(D) The inspector general shall be in the unclassified service and shall receive an annual salary in an amount equal to the annual salary paid by the state to a district court judge, except that such compensation may be increased but not diminished during the term of office of the inspector general. The inspector general shall be removed from office prior to the expiration of the inspector general's term of office by the attorney general for cause. The inspector general shall exercise independent judgment in carrying out the duties of the office of inspector general under subsection (b). Appropriations for the office of inspector general shall be made to the attorney general by separate line item appropriations for the office of inspector general. The inspector general shall report to the attorney general.

(E) Subject to subsection (b)(1), the inspector general shall have general managerial control over the office of the inspector general and shall establish the organization structure of the office as the inspector general deems appropriate to carry out the responsibilities and functions of the office.

(3) Within the limits of appropriations therefor, and as provided further, the attorney general may hire such employees in the unclassified service as are necessary to administer the office of the inspector general. Such employees shall serve at the pleasure of the attorney



general. Subject to appropriations and to subsection (b)(1), the inspector general may obtain the services of certified public accountants, qualified management consultants, professional auditors, or other professionals necessary to independently perform the functions of the office.

(c) (1) In accordance with the provisions of this section, the duties of the office of inspector general shall be to oversee, audit, investigate and make performance reviews of any state cash, food or health assistance program.

(2) In order to carry out the duties of the office, the inspector general shall conduct independent and ongoing evaluation of such programs or their successor programs. This oversight includes, but is not limited to, the following:

(A) Investigation of fraud, waste, abuse and illegal acts directly relating to such programs.

(B) Audits of state programs, contractors, vendors and healthcare providers related to ensuring that appropriate payments are made for services rendered and to the recovery of overpayments.

(C) Investigations of fraud, waste, abuse or illegal acts committed by clients of the programs or by consumers of services of such programs.

(D) Monitoring adherence to the terms of any contract between a state agency and an organization, if any, with which the state agency has entered into a contract to make claims payments.

(3) Upon finding credible evidence of significant levels of fraud, waste, abuse or other illegal acts, the inspector general shall report the findings to the attorney general.

(d) (1) The inspector general shall have access to all pertinent information, confidential or otherwise, and to all personnel and facilities of a state agency, state vendors, contractors and

healthcare providers and any federal, state or local governmental agency that are necessary to perform the duties of the office as directly related to such programs. Access to contractor or healthcare provider files shall be limited to those files necessary to verify the accuracy of the contractor's or healthcare provider's invoices or their compliance with the contract provisions or program requirements. No healthcare provider shall be compelled under the provisions of this section to provide individual medical records of patients who are not clients of a state health assistance program. State and local governmental agencies are authorized and directed to provide to the inspector general requested information, assistance or cooperation.

(e) Except as otherwise provided in this section, the inspector general and all employees and former employees of the office of inspector general shall be subject to the same duty of confidentiality imposed by law on any such person or agency with regard to any such information and any civil or criminal penalties imposed by law for violations of such duty of confidentiality. The duty of confidentiality imposed on the inspector general and all employees and former employees of the office of inspector general shall be subject to the provisions of subsection (f), and the inspector general may furnish all such information to the attorney general, Kansas bureau of investigation or office of the United States attorney in Kansas pursuant to subsection (f). Upon receipt thereof, the attorney general, Kansas bureau of investigation or office of the United States attorney in Kansas and all assistants and all other employees and former employees of such offices shall be subject to the same duty of confidentiality with the exceptions that any such information may be disclosed in criminal or other proceedings that may be instituted and prosecuted by the attorney general or the United States attorney in Kansas, and any such information furnished to the attorney general, the Kansas bureau of investigation or the United States attorney in Kansas under subsection (f) may be entered into evidence in any such

proceedings.

(f) All investigations conducted by the inspector general shall be conducted in a manner that ensures the preservation of evidence for use in criminal prosecutions, civil actions or agency administrative actions. If the inspector general determines that a possible criminal act or false claim relating to fraud in the provision or administration of such programs has been committed, the inspector general shall immediately notify the attorney general. If the inspector general determines that a possible criminal act has been committed within the jurisdiction of the office, the inspector general may request the special expertise of the Kansas bureau of investigation. The inspector general may present for prosecution the findings of any criminal investigation to the office of the attorney general, applicable district or county attorney or the office of the United States attorney in Kansas.

(g) (1) To carry out the duties as described in this section, the inspector general and the inspector general's designees shall have:

(A) Original jurisdiction to investigate crimes related to public assistance, including those found in K.S.A. 21-5926 through 21-5932, 39-709, 39-720 and 75-726, and amendments thereto;

(B) the power to issue, serve or cause to be served subpoenas or other process of service in aid of investigations;

(C) the power to compel by subpoena the attendance and testimony of witnesses and the production of books, electronic records and papers as directly related to state cash, food or health assistance programs;

(D) the power to administer oaths and take sworn statements under penalty of perjury;

(E) the power to serve and execute in any county search warrants that relate to

investigations being executed by the office of the inspector general.

(2) Access to contractor files shall be limited to those files necessary to verify the accuracy of the contractor's invoices or its compliance with the contract provisions. No healthcare provider shall be compelled to provide individual medical records of patients who are not clients of such a program or programs.

(h) The inspector general shall report all convictions, terminations and suspensions taken against vendors, contractors and healthcare providers to any agency contracting with or responsible for licensing or regulating those persons or entities. If the inspector general determines reasonable suspicion exists that an act relating to the violation of an agency licensure or regulatory standard has been committed by a vendor, contractor or healthcare provider who is licensed or regulated by an agency, the inspector general shall immediately notify such agency of the possible violation, unless such notification would jeopardize an ongoing criminal investigation.

(i) The inspector general shall make annual reports, findings and recommendations regarding the office's investigations into reports of fraud, waste, abuse and illegal acts relating to any such programs to the appropriate state agency, the legislative post auditor, the committee on ways and means of the senate, the committee on appropriations of the house of representatives, the attorney general and the governor. Such reports shall include, but not be limited to, the following information:

(1) The number and type of audits conducted and the dollar savings, if any, resulting from those audits;

(2) healthcare provider sanctions, in the aggregate, including terminations and suspensions; and

(3) a detailed summary of the investigations undertaken in the previous fiscal year that shall comply with all laws and rules and regulations regarding maintaining confidentiality in such programs.

(j) Based upon the inspector general's findings under subsection (c), the inspector general may make such recommendations to the state agency or agencies that administer such program or programs or the legislature for changes in law, rules and regulations, policy or procedures as the inspector general deems appropriate to carry out the provisions of law or to improve the efficiency of such programs. The inspector general shall not be required to obtain permission or approval from any other official or department prior to making any such recommendation.

(k) (1) The inspector general shall make provision to solicit and receive reports of fraud, waste, abuse and illegal acts in such programs from any person or persons who shall possess such information. The inspector general shall not disclose or make public the identity of any person or persons who provide such reports pursuant to this subsection unless such person or persons consent in writing to the disclosure of such person's identity. Disclosure of the identity of any person who makes a report pursuant to this subsection shall not be ordered as part of any administrative or judicial proceeding. Any information received by the inspector general from any person concerning fraud, waste, abuse or illegal acts in such programs shall be confidential and shall not be disclosed or made public, upon subpoena or otherwise, except such information may be disclosed if:

(A) Release of the information would not result in the identification of the person who provided the information;

(B) the person or persons who provided the information to be disclosed consent in

writing prior to its disclosure;

(C) the disclosure is necessary to protect the public health; or

(D) the information to be disclosed is required in an administrative proceeding or court proceeding and appropriate provision has been made to allow disclosure of the information without disclosing to the public the identity of the person or persons who reported such information to the inspector general.

(2) No person shall:

(A) Prohibit any agent, employee, contractor or subcontractor from reporting any information under paragraph (1); or

(B) require any such agent, employee, contractor or subcontractor to give notice to the person prior to making any such report.

(3) Paragraph (2) shall not be construed as:

(A) Prohibiting an employer from requiring that an employee inform the employer as to legislative or auditing agency requests for information or the substance of testimony made, or to be made, by the employee to legislators or the auditing agency, as the case may be, on behalf of the employer;

(B) permitting an employee to leave the employee's assigned work areas during normal work hours without following applicable rules and regulations and policies pertaining to leaves, unless the employee is requested by a legislator or legislative committee to appear before a legislative committee or by an auditing agency to appear at a meeting with officials of the auditing agency;

(C) authorizing an employee to represent the employee's personal opinions as the opinions of the employer; or

(D) prohibiting disciplinary action of an employee who discloses information that:

(i) The employee knows to be false or which the employee discloses with reckless disregard for its truth or falsity;

(ii) the employee knows to be exempt from required disclosure under the open records act; or

(iii) is confidential or privileged under statute or court rule.

(4) Any agent, employee, contractor or subcontractor who alleges that disciplinary action has been taken against such agent, employee, contractor or subcontractor in violation of this section may bring an action for any damages caused by such violation in district court within 90 days after the occurrence of the alleged violation.

(5) Any disciplinary action taken against an employee of a state agency or firm as such terms are defined under K.S.A. 75-2973, and amendments thereto, for making a report under paragraph (1) shall be governed by the provisions of K.S.A. 75-2973, and amendments thereto.

(l) The scope, timing and completion of any audit or investigation conducted by the inspector general shall be within the discretion of the inspector general. Any audit conducted by the inspector general's office shall adhere and comply with all provisions of generally accepted governmental auditing standards promulgated by the United States government accountability office.

(m) Nothing in this section shall limit investigations by any state department or agency that may otherwise be required or permitted by law or that may be necessary in carrying out the duties and functions of such agency.

(n) No contractor who has been convicted of fraud, waste, abuse or illegal acts or whose actions have caused the state of Kansas to pay fines to or reimburse the federal

government more than \$1,000,000 in the medicaid program shall be eligible for any state medicaid contracts subsequent to such conviction unless the attorney general finds that the contractor is the sole source for such contracts, is the least expensive source for the contract, has reimbursed the state of Kansas for all losses caused by the contractor, or the removal of the contractor would create a substantial loss of access for medicaid beneficiaries, in which case, after a specific finding to this effect, the prohibition of this subsection may be waived by the attorney general. Nothing in this section shall be construed to conflict with federal law or to require or permit the use of federal funds where prohibited.

(o) All information and records of the inspector general that are made, maintained, kept, obtained or received under any investigation or audit under this section shall be confidential, except as required or authorized pursuant to this section.