



February 10, 2025

The Honorable Will Carpenter, Chairperson
 House Committee on Health and Human Services
 300 SW 10th Avenue, Room 112-N
 Topeka, Kansas 66612

Dear Representative Carpenter:

SUBJECT: Fiscal Note for HB 2217 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2217 is respectfully submitted to your committee.

HB 2217 would change the statutory authority of the Office of Medicaid Inspector General (OMIG) from Medicaid only to encompass statewide healthcare and welfare programs.

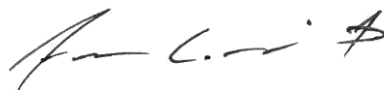
| Estimated State Fiscal Effect | | | |
|-------------------------------|---------|-----------|-------------|
| | FY 2025 | FY 2026 | FY 2027 |
| Expenditures | | | |
| State General Fund | -- | \$955,858 | \$1,003,650 |
| Fee Fund(s) | -- | -- | -- |
| Federal Fund | -- | -- | -- |
| Total Expenditures | -- | \$955,858 | \$1,003,650 |
| Revenues | | | |
| State General Fund | -- | -- | -- |
| Fee Fund(s) | -- | -- | -- |
| Federal Fund | -- | -- | -- |
| Total Revenues | -- | -- | -- |
| FTE Positions | -- | 9.00 | 9.00 |

The Office of the Attorney General indicates that enactment of HB 2217 would increase expenditures of the Office by approximately \$1.0 million from the State General Fund beginning in FY 2026. The new expenditures would include salaries and fringe benefit costs for 9.00 additional full-time personnel required plus operating expenses to perform the expected additional audits, reviews, and investigations of fraud, waste, abuse, and other illegal acts. The additional staff would allow the Office to conduct at least five additional audits, two reviews, and 80 investigations per year.

The Office states that the increased expenditures would be offset by the fraud that is prevented and the identification of wasteful spending, overpayments, and program savings. For example, since calendar year 2021, OMIG has released five audit reports, three reviews, and one interim report. In the reports, OMIG identified \$300.0 million in wasteful spending, \$6.3 million in overpayments, \$25.0 million in savings, 34 findings, and made 83 recommendations. The recommendations have led to improved processes within the management of Medicaid programs. In the past year, OMIG has opened 129 investigations, with 102 involving eligibility fraud, 11 involving other types of beneficiary fraud, 14 involving provider fraud, and two involving state employees. The Office has referred seven cases for criminal prosecution with several others being finalized and prepared for referral. OMIG has referred several provider fraud cases that could result in a civil recovery of over \$60.0 million. OMIG states that it could easily open 200 additional investigations per year if it had additional personnel available. OMIG also has numerous areas identified that could be audited, which would result in additional savings, recoveries, waste identified, and improved efficiency and effectiveness.

The Kansas Department of Health and Environment, the Kansas Bureau of Investigation, and the Department for Children and Families (DCF) indicate that enactment of HB 2217 would have no fiscal effect on the agencies. DCF currently has staff to investigate cash and food assistance cases. It is assumed these activities would continue within DCF with the current staff. Any fiscal effect associated with HB 2217 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt
Director of the Budget

cc: Matt Bingesser, Office of the Attorney General
Kim Holter, Department for Children & Families
Amy Penrod, Department of Health & Environment
Paul Weisgerber, Kansas Bureau of Investigation