



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



April 24, 2026

Steve Marshall, Attorney General
Office of the Attorney General
501 Washington Avenue
Montgomery, AL 36104

Bruce Lieberman, Director
Medicaid Fraud Control Unit
Office of the Attorney General
501 Washington Avenue
Montgomery, AL 36104

Dear Attorney General Marshall and Director Lieberman:

The Social Security Act (SSA) requires each State to demonstrate that it operates a Medicaid Fraud Control Unit (MFCU or Unit) that *effectively* carries out its statutory functions and responsibilities (SSA §§ 1902(a)(61) and 1903(q)). The Department of Health and Human Services (HHS), Office of Inspector General (OIG), through delegations from the Secretary of Health and Human Services, is responsible for annually recertifying and funding each Unit (44 Fed. Reg. 47809, 47811 (Aug. 15, 1979)). In making recertification determinations, OIG considers the factors listed at 42 CFR § 1007.17(c). To continue receiving payments, a Unit must be certified. OIG may impose special conditions or restrictions and may require corrective action, as provided in 2 CFR § 200.208, before approving a reapplication for recertification (42 CFR § 1007.17(d)(1)).

OIG has reviewed the recertification package submitted by the Alabama MFCU, including the Unit's performance narrative and the responses to the director's questionnaire. We also reviewed the Unit's Annual Statistical Report (ASR) data as well as the responses to the questionnaires that we submitted to OIG's Office of Investigation's Atlanta Regional Office and the Alabama Medicaid Agency's Program Integrity Division. In addition to reviewing the Alabama recertification package, OIG conducted an onsite inspection in December 2025 that assessed the performance and operations of the Unit during Federal fiscal years (FFYs) 2023–2025. OIG will be issuing a public report on our findings and recommendations from that inspection in the near future.

Based on our review of the recertification information and ASR data, we have concerns regarding factors that may limit the effectiveness of the Alabama MFCU.

Two primary ongoing concerns relate to:

Performance Standard 2—Staffing. This standard requires that a Unit maintain reasonable staff levels and office locations in relation to the State's Medicaid program expenditures and has a salary and benefit package that allows the Unit to recruit and retain qualified staff.

- The Alabama MFCU has an approved staffing level of 10 but reports having a staffing level of 6 in its recertification package.
- We are further concerned that the Unit does not have “reasonable staff levels . . . in relation to the State’s Medicaid program.” When compared with the two other MFCUs that operate in States with similar Medicaid expenditures, the Alabama MFCU has the lowest staffing levels. The two comparable MFCUs have staff sizes of 10 and 23, respectively. Nationally, only two MFCUs have fewer staff than Alabama’s; however, those Units oversee Medicaid programs with significantly lower expenditures, ranging from \$105 million to \$847 million, compared to Alabama’s Medicaid program, which totals between \$8 and \$9 billion.

Performance Standard 4—Maintaining Adequate Referrals. This standard requires that a Unit takes steps to maintain an adequate volume and quality of referrals from the State Medicaid agency and other sources.

- The number of annual fraud referrals the Alabama MFCU receives from the State Medicaid Program Integrity Unit (PIU) remains extremely low. Over the last six FFYs (2020–2025), the Alabama MFCU reported receiving an average of only three fraud referrals per year. A similar issue was identified in OIG’s 2015 report on the Alabama MFCU, which noted an annual average of five referrals from the PIU over a 3-year period.
- The MFCU should take steps to maintain an adequate volume and quality of referrals from the State Medicaid agency. In March 2016, OIG provided technical assistance regarding steps the Alabama MFCU could take to increase referrals from the State PIU to the Alabama MFCU.
- OIG plans to bring this issue to the attention of the Centers for Medicare & Medicaid Services and the State PIU, noting that one of the PIU’s regulatory functions is to identify and refer fraud to the MFCU (see 42 CFR Part 455).

OIG is granting recertification for a 1-year period beginning April 24, 2026, and ending April 23, 2027. However, in light of the aforementioned concerns, within 30 days of receipt of this letter, I will be reaching out to both you and the Alabama Unit to discuss these concerns and learn what concrete steps you are taking to address them and timeframes for implementation. OIG retains the right to take further accountability actions, subject to applicable laws and regulations.

If you have any questions regarding your Unit’s recertification, please call me at (202) 619-3148, or your staff may contact Michael Henry, MFCU Oversight Division Director, at (415) 310-7087 or Michael.Henry@oig.hhs.gov.

Sincerely,



T. March Bell
Inspector General