



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



July 1, 2026

Attorney General Josh Kaul
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Madison, WI 53703

Director Daniel R. Hess
Medicaid Fraud Control and Elder Abuse Unit
Wisconsin Department of Justice
17 West Main Street
Madison, WI 53707

Dear Attorney General Kaul and Director Hess:

American taxpayers provide nearly half a billion dollars every year to State governments to fund State Medicaid Fraud Control Units (MFCUs or Units), which are obligated by Federal law to use that money to effectively fight Medicaid fraud and protect patients from abuse and neglect. Wisconsin receives approximately \$2.2 million per year from American taxpayers for these same purposes. Given this substantial investment in the Wisconsin MFCU, American taxpayers and the Federal Government expect the Unit and the Wisconsin Attorney General, to use the millions of Federal dollars to effectively fight Medicaid fraud and protect Medicaid patients from abuse and neglect.

The Department of Health and Human Services, Office of Inspector General (OIG) is conditionally recertifying the Wisconsin MFCU, subject to the special conditions described in this letter. This action reflects OIG's recognition of the Unit's potential and its obligation to ensure that every MFCU operates effectively, uses Federal funds appropriately, and consistently delivers results that protect the integrity of the Medicaid program. Although the Wisconsin MFCU has taken steps to address challenges that may impede its effectiveness, the Unit must take additional action to improve its performance across key operational and investigative areas. Additional improvement is necessary to ensure compliance with Federal requirements and ensure that the Unit operates at the standard taxpayers expect. Certain weaknesses persist, particularly in areas essential to the Unit's statutory responsibilities, such as ensuring that it is appropriately staffed and cooperating with Federal partners.

OIG conducted an onsite inspection of the Wisconsin MFCU in May 2024 ([*Wisconsin Medicaid Fraud Control Unit: 2024 Inspection*](#), January 2025) (hereafter referred to as the "2024 onsite inspection report"). OIG's inspection covered the 3-year period of FYs 2021–2023. In that review, OIG identified certain weaknesses, including supervision of the Unit's special agents, implementing a comprehensive case management system, and deconflicting cases with Federal partners.

OIG takes seriously its responsibility to ensure that Units receiving these Federal funds are fulfilling the MFCU mission effectively. As part of that responsibility, OIG evaluates each Unit's performance, operational capacity, investigative outcomes, and overall adherence to statutory and regulatory requirements. This oversight is essential to maintaining public trust and ensuring that every MFCU contributes meaningfully to the broader fight against fraud, waste, and abuse within the Medicaid program.

OIG is conditionally recertifying the Wisconsin MFCU beginning July 1, 2026, subject to the special condition described below. This letter serves as written notice and explanation of OIG's determination to conditionally recertify the unit with a special condition. (42 CFR § 1007.17(d)(1)).

Statutory and Regulatory Background

The Social Security Act (SSA) requires each State to demonstrate that it operates a MFCU that effectively carries out its statutory functions and responsibilities (SSA §§ 1902(a)(61) and 1903(q)). OIG, through delegations from the Secretary of Health and Human Services, is responsible for annually recertifying and funding each Unit (SSA §§ 1903(a)(6), (b)(3), and (q); 44 Fed. Reg. 47809, 47811 (Aug. 15, 1979)). To continue receiving Federal funding, a Unit must be certified. Under SSA §§ 1903(a)(6) and (q) and 42 CFR § 1007.19(d)(1), Federal funding is allowable only if a Unit has been certified and recertified annually by OIG.

OIG may approve or deny a Unit's annual recertification application and must provide written explanation for denials (42 CFR § 1007.17(d)(2)). When making recertification determinations, OIG evaluates whether the Unit has demonstrated that it effectively carries out the functions and requirements described in SSA § 1903(q), as implemented by 42 CFR part 1007. In making these determinations, OIG reviews the information described in 42 CFR §§ 1007.17(a) and (b) and considers the factors in 42 CFR § 1007.17(c)

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)).

Basis for Conditionally Recertifying With Special Conditions

OIG conditionally recertifies the Unit for 6 months subject to special conditions. OIG evaluated whether the Unit demonstrated that it effectively carries out its statutory functions and responsibilities as required by described in SSA §§ 1902(a)(61) and 1903(q) and implemented in 42 CFR part 1007. OIG considered the following factors and information and determined that the Unit is not effectively carrying out its statutory functions and requirements.

Findings Under Each of the Five Certification Factors in 1007.17(c)(1)-(5)

1. Compliance With Regulations (42 CFR § 1007.17(c)(1)): The Wisconsin MFCU generally complied with applicable laws and regulations.

2. Compliance With Policy Transmittals (42 CFR § 1007.17(c)(2)): The Wisconsin MFCU generally complied with OIG policy transmittals.

3. Adherence to Performance Standards (42 CFR § 1007.17(c)(3)): OIG has determined that the Wisconsin MFCU is not adhering to the MFCU Performance Standards as published in the *Federal Register* (89 Fed. Reg. 76431, September 2024). OIG assesses a Unit's adherence to all performance standards when assessing recertification of MFCUs. To explain the results of that assessment, OIG provides the following information as examples of the Unit's adherence under four of those performance standards.

- Performance Standard 2: Staffing

The Wisconsin MFCU does not employ a total number of professional staff commensurate with the State's total Medicaid program expenditures. The Unit employed 14 of its approved 15 staff and staff as of FY 2025. Based on Wisconsin Medicaid expenditures of \$13.8 billion in FY 2025, OIG analysis predicts the Unit should have a staff of 30.

The Unit made a related observation in the 2024 onsite inspection report. MFCU leadership raised concerns that its staffing levels may not handle an increase in workload if it received more referrals or engaged in more data mining. Furthermore, in the Unit's recertification information, OIG's Office of Investigation (OI) reported that its engagement with the Wisconsin MFCU has been limited because of low staffing levels. Although the Unit has filled most of its approved vacancies, the Unit should reassess its staffing levels to ensure that it has appropriate resources given the size of the Wisconsin Medicaid program and its increased fraud referrals, and to more effectively cooperate with Federal partners.

- Performance Standard 4: Referrals

In FY 2025, the Wisconsin MFCU reported that it received has received 121 fraud referrals and opened 8 as investigations. In FY 2024, the Unit reported receiving 170 fraud referrals received and opened 11 as investigations. In FY 2023, the Unit reported receiving 48 fraud referrals and opened 15 as investigations. In FY 2025, the majority of the Unit's fraud referrals come from the Wisconsin Medicaid Program Integrity Unit (PIU) but originate from Medicaid managed care organizations (MCOs). For example, 116 of the 121 referrals in FY 2025 are from MCOs sent by the PIU to the MFCU.

Although the Unit maintains an adequate number of referrals, the low number of investigations the Unit is opening compared to volume of referrals raises concerns. As discussed above, the Unit raised concerns about its staff handling an increase in workload in the 2024 onsite inspection report. Alternatively, the Unit may not be getting quality referrals. In FY 2025, the PIU reports that the Unit denied most of the referrals sent to the Unit.

As the Unit assesses its staffing levels, the Unit should consider examining its referrals and why it opens so few investigations despite receiving a large volume of referrals over the last 2 years. The Unit should then take action to ensure that the quality and quantity of referrals it receives is appropriate; while also ensuring that it has the appropriate number of staff to handle fraud referrals that should be investigated.

- Performance Standard 5: Case Progression

Once investigations are open, the Wisconsin MFCU is effectively managing its case progression. The Unit Director and Deputy Unit Director conduct regular case reviews every 90 days. Of the Unit's cases, 17 percent (20 of 117) have been open for more than 3 years. However, the PIU reports that Unit has 38 cases pending for more than 2 years even after the Unit has accepted the referrals. This raises concern given how few cases the Unit opens from the PIU referrals. The Unit should assess why these accepted referrals are pending for more than 2 years and how that impacts case progression.

- Performance Standard 8: Cooperation

The MFCU and OI cooperation is not effective. The Unit reported that it worked three joint cases with OI during the review period, but OI reported that it worked zero joint cases with the MFCU. In its FY 2025 recertification information, the MFCU states that it has a strong working relationship with OI but has had recent challenges in meeting regularly due to OI investigator vacancies that had previously been located in Wisconsin. However, OI reported that it has limited engagement with the Wisconsin MFCU. OI reported the Unit's low staffing and staffing vacancies for OI as the cause. Outside of regular meetings, OI also reports that the Unit does not often ask for OI assistance and overall there is little interaction.

The Unit reports that it has a strong relationship with the two United States Attorneys' Offices in Wisconsin, working approximately 10 joint investigations across both offices in FY 2025.

The Wisconsin MFCU must improve its cooperation with OI. Although OIG recognizes its staffing limitations and vacancies in Wisconsin contribute to this issue, there are many MFCUs that have excellent working relationships with OI even though there are no agents physically present in their States.

4. Effectiveness in investigating and prosecuting fraud (42 CFR § 1007.17(c)(4)): The Wisconsin MFCU is not always using its resources effectively to investigate cases of possible fraud in the administration of the Medicaid program, the provision of medical assistance, or the activities of providers of medical assistance under the State Medicaid plan, and to prosecute cases or cooperate with the prosecuting authorities. Among the factors that OIG has considered in assessing the Unit's effectiveness in investigating and prosecuting fraud are the Unit's case outcomes as reported in the annual statistical report and how the Unit compares with similar-sized peers.

The Wisconsin MFCU's fraud convictions increased from 2024 to 2025, from four to five convictions. In addition, the Unit secured 13 fraud indictments in FY 2025, up from 2 in FY 2024. For the last 3 years, the MFCU reported 11 fraud convictions and ranked seventh out of 11 similar-sized MFCUs. The Unit has improved its outcomes for FY 2025 but has room to improve its criminal outcomes as measured against similar-sized Units. If the Unit is able to address issues raised under the performance standards, that will help the Unit more effectively investigate and prosecute criminal fraud and achieve better results.

The Unit has room to improve its civil fraud outcomes as well. In FY 2025, the Unit secured six civil settlements and judgments, which is an increase from three in FY 2024. In FY 2025, the Unit reported \$1.9 million in nearly all civil recoveries, which was an increase from its FY 2024 total recoveries of \$236,000. As the Unit reports, the repeal of the State False Claims for Medicaid Assistance has affected Unit's ability to effectively investigate and prosecute civil fraud. The 2024 onsite inspection report highlights the Unit's civil recoveries have dropped significantly since those changes took effect in 2015.

To improve the Unit's capabilities and use civil authorities to fight fraud more effectively, the MFCU should pursue a legislative solution to enact a State False Claims Act. The Wisconsin MFCU will remain limited in its ability to effectively investigate Medicaid fraud without this State law. Wisconsin is also foregoing keeping a larger portion of its fraud recoveries. States that have qualifying State False Claims Act laws receive a 10-percentage-point increase in their share of any amounts recovered under such laws.

5. Effectiveness in investigating and prosecuting patient abuse and neglect (42 CFR § 1007.17(c)(5)): The Wisconsin MFCU is not using its resources effectively to review and investigate, refer for investigation or prosecution, or criminally prosecute complaints alleging abuse or neglect of patients or residents in health care facilities receiving payments under the State Medicaid plan and, at the Unit's option, in board and care facilities. Among the factors that OIG has considered in assessing the Unit's effectiveness in investigating and prosecuting patient abuse and neglect are the Unit's case outcomes as reported in the annual statistical report and how the Unit compares with similar-sized MFCUs:

The MFCU's convictions related to patient abuse and neglect decreased from FY 2024 to FY 2025, from one to zero convictions. For the last 3 years, the MFCU reported four convictions related to patient abuse or neglect and ranked seventh out of 11 similar-sized MFCUs. The MFCU secured three indictments for patient abuse and neglect in FY 2025.

The Wisconsin MFCU's has limited authority for patient abuse neglect cases in two ways. First, the Unit does not have law enforcement authority, which limits its ability to receive referrals from agencies. State law requires agencies to refer patient abuse or neglect cases to law enforcement. As a result, local law enforcement investigated these patient abuse or neglect cases before the MFCU was aware cases existed. Second, the MFCU does not have original jurisdiction to prosecute patient abuse and neglect and must receive permission from county attorneys to prosecute these cases. The Unit reports getting this permission from county attorneys is routine. However, the Unit's patient abuse and neglect outcomes do not demonstrate that Unit is operating effectively under these limitations. To improve the Unit's capabilities to fight patient abuse and neglect in the Medicaid program, the MFCU should pursue a legislative or other solution to obtain law enforcement authority and primary authority to prosecute these cases. Without additional authority, the Wisconsin MFCU will be limited in its ability to effectively receive referrals and investigate and prosecute these important cases and better protect the health and safety of Wisconsin's Medicaid enrollees.

Effect of Conditional Recertification With Special Conditions

OIG is granting conditional recertification subject to special conditions. To remove these special conditions and be recertified the Unit must take the corrective actions detailed in the Enclosure.

Upon successful completion of the corrective actions, OIG will remove the special conditions. If the Wisconsin MFCU fails to take the required action, OIG may pursue additional certification actions or financial remedies, as necessary (see 42 CFR § 1007.17 and 2 CFR § 200.339).

If you have any questions regarding your Unit's conditional recertification, please call me at (202) 619-3148.

Sincerely,



T. March Bell
Inspector General

Enclosure

Enclosure: Special Conditions for Corrective Action

OIG imposes the following special conditions on the Wisconsin MFCU Federal grant. The Wisconsin MFCU must take corrective actions to come into compliance with the MFCU performance standards (42 CFR § 1007.17(c)(3)). The Wisconsin MFCU must also demonstrate effectiveness in using its resources to investigate and prosecute civil Medicaid fraud cases and Medicaid patient abuse or neglect cases, including pursuing additional authorities as described in the letter (42 CFR § 1007.17(c)(4)-(5)). Upon OIG's determination that the Unit has taken the actions necessary to comply with its regulatory requirements and made sufficient progress for the corrective actions listed below, OIG will remove special conditions and recertify the Unit. Outlined below is an initial list of corrective actions. It should not be interpreted as an all-inclusive list. OIG will continue to work with the Wisconsin MFCU to identify all actions necessary for it to meet its obligations under the law.

1. Staffing:

The Unit must take the following steps to address the staffing deficiencies described in this letter. Specifically, within 30 days of the date of this letter, the Unit must provide to OIG a staffing plan that details how the Unit will increase its staff to effectively fight fraud, abuse, and neglect. The staffing plan must specify the staff positions the Unit will add or fill, the targeted timeframe for onboarding each staff position, and the actions the Unit will take to meet its targeted timeframes. The Unit should also assess its increase in referrals and how the quantity or quality of those referrals may affect the Unit's staffing plan. In addition, within 6 months of the date of this letter, the Unit must provide to OIG a progress report that details the steps the Unit has taken in accordance with its staffing plan. OIG may provide feedback to the Unit on the staffing plan and progress report, as necessary. To remove the special condition, the Unit must do more than merely submit a plan for improvement and a progress report; it must also demonstrate significant progress toward addressing the staffing deficiencies described in this letter.

2. Coordination With OI:

The Unit must take steps to improve coordination with OIG's Office of Investigations (OI). Specifically, within 30 days of the date of this letter, the Unit must provide to OIG a coordination plan that details the steps the Unit will take to improve coordination with OI. The plan must include a schedule of regular meetings with OI to occur at least monthly, and the Unit must include coordination procedures (e.g., joint cases, deconfliction) in the Unit's policies and procedures manual. In addition, within 6 months of the date of this letter, the Unit must provide to OIG a progress report that details the steps the Unit has taken in accordance with its coordination plan. OIG may provide feedback to the Unit on the coordination plan and progress report, as necessary. To remove the special condition, the Unit must do more than merely submit a plan for improving coordination with OI and a progress report; it must also demonstrate significant progress toward addressing the coordination deficiencies described in this letter.