



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



July 1, 2026

Attorney General Keith Ellison
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 600
Saint Paul, MN 55101

Director Nicholas Wanka
Medicaid Fraud Control Unit
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 900
Saint Paul, MN 55101

Dear Attorney General Ellison and Director Wanka:

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. Minnesota receives approximately \$3 million per year from American taxpayers for these same purposes. Given this substantial investment in the Minnesota MFCU, American taxpayers and the Federal Government expect the Unit and the Minnesota 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 Minnesota 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 Minnesota MFCU has taken steps to address challenges that may impede its effectiveness, the Unit must take additional action. Additional improvement is necessary to ensure compliance with Federal requirements and ensure that the Unit operates at the standard that taxpayers expect.

OIG conducted an onsite inspection of the Minnesota MFCU in October and November 2022 ([*Minnesota Medicaid Fraud Control Unit: 2022 Inspection*](#), September 2023) (hereafter referred to as the "2022 onsite inspection report"). OIG's inspection covered the 3-year period of fiscal years (FYs) 2020–2022. In that review, OIG identified certain weaknesses involving appropriate staffing for its supervisors, improving referrals for patient abuse and neglect cases, implementing a comprehensive case management system, and ensuring periodic supervisory reviews of cases files occur regularly.

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 Minnesota MFCU beginning July 1, 2026, subject to special conditions. This letter serves as written notice and explanation of OIG's determination to conditionally recertify the Unit with special conditions. (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 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 Minnesota MFCU generally complied with applicable laws and regulations.

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

3. Adherence to Performance Standards (42 CFR § 1007.17(c)(3)): OIG has determined that the Minnesota 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 five of those performance standards.

- Performance Standard 2: Staffing

The Minnesota MFCU does not employ a total number of professional staff commensurate with the State's total Medicaid program expenditures. In its FY 2025 annual statistical report, the Unit reports it has 32 approved staff positions, and 31 of them are filled as of the end of FY 2025. Based on Minnesota's Medicaid expenditures of \$21.4 billion, OIG analysis predicts the Unit should have approximately 41 staff members.

In its recertification information the Minnesota MFCU reported its staffing levels are low and a recent increase in the number and complexity of referrals require an increase in its staff. In response, the Unit reports that it already sought authority to hire 18 more staff. The Unit reports that this request was approved by the State legislature in May 2026, and the Minnesota MFCU anticipates that it will add nine investigators, four attorneys, two auditors, and three support staff. The Unit should focus on increasing its staff as approved by the State legislature.

- Performance Standard 4: Referrals

The Minnesota MFCU has seen a significant increase in referrals from the State Medicaid Program Integrity Unit (PIU) and Managed Care Organizations (MCOs) since fiscal year (FY) 2025. In FY 2025, the Minnesota MFCU received 119 PIU and MCO referrals. In FY 2026 (from October 1, 2025, through May 14, 2026) the Minnesota MFCU received more than 6 times that number of referrals, with nearly 790 PIU and MCO referrals in that 7.5-month time period. The Unit reports the increase in the number of referrals also caused the quality of the referrals to decrease, especially referrals from the PIU. For example, many of the referrals are submitted with minimal preliminary analysis and limited information. In its recertification information, the Unit reports that it meets regularly with the PIU and other referral sources and has been providing specific feedback to address the quality issues that have accompanied the increase in referrals. The Unit will need to take additional action to improve the quality of referrals it receives from the PIU while also ensuring that it receives all cases of suspected fraud.

- Performance Standard 5: Case Progression

The Minnesota MFCU is effectively progressing its cases within an appropriate timeframe. The Minnesota MFCU staff prepare monthly status reports for their cases for the Unit Director and Chief Investigator. Approximately 24 percent of the Unit's open cases are more than 3 years old. There was a decrease in the number of open cases from FY 2024 to FY 2025. Case progression will continue to be important as the Minnesota MFCU reviews and prioritizes the significant amount of referrals that it has received so far in FY 2026.

- Performance Standard 8: Cooperation

The Minnesota MFCU has a strong working relationship with OIG’s Office of Investigations (OI). In its recertification information, the Unit reported working 30 open joint investigations with OI. In its recertification information, OI noted that the Unit is extremely willing to work jointly and pursue aggressive prosecution of fraud.

- Performance Standard 11: Fiscal Control

OIG previously identified two issues related to fiscal control that are currently being remediated based on additional information provided by the Unit to the OIG Grants Management Officer. First, in FY 2024, the Minnesota MFCU was late in submitting required fiscal information. New fiscal staff were hired and improvement efforts are being made. Three of the seven deliverables were late in FY 2025.

Second, in FY 2025, the Unit did not exercise proper fiscal control for its Federal grant. This caused the Unit to “overmatch” its grant inconsistent with the Federal statute, which requires the States to fund 25 percent of MFCU expenditures and the Federal grant award funds the other 75 percent. The Unit believes this issue was caused by staffing changes and turnover. The staff did not have a good understanding of what items could be billed to the grant, which created issues within the Unit’s billing systems. The Minnesota MFCU staff is working with the OIG Grants Management Officer to address this specific fiscal issue, better understand how to manage the grant, and mitigate these issues in the future.

4. Effectiveness in investigating and prosecuting fraud (42 CFR § 1007.17(c)(4)): The Minnesota MFCU is 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 Minnesota MFCU’s fraud convictions remained the same from FY 2024 to FY 2025, with 36 fraud convictions each year. For the last 3 years, the Minnesota MFCU reported a total of 115 fraud convictions and ranked second out of 15 similar-sized MFCUs. Additionally, in FY 2025, the Minnesota MFCU reported 187 fraud investigations, 49 fraud indictments, 8 civil settlements and judgments, and total monetary recoveries of more than \$24 million.

As the Minnesota MFCU receives more referrals and investigates more complex fraud, the Unit should obtain law enforcement authority to more effectively use its resources to investigate fraud. The Unit currently lacks law enforcement authority, which most other Unit have. Granting law enforcement authority improves the MFCU’s operational functions. For example, law enforcement authority allows the MFCU to conduct search warrants and seizures without having to wait for the availability of other law enforcement agencies. Waiting for other agencies can result in long investigative delays that could compromise evidence, investigations, and prosecutions. The MFCU should pursue a legislative or other solution to obtain law enforcement authority. Without this authority, the Unit will be limited in its ability to effectively investigate fraud.

5. Effectiveness investigating and prosecuting patient abuse and neglect (42 CFR § 1007.17(c)(5)): The Minnesota 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 Minnesota MFCU's convictions related to patient abuse and neglect increased from FY 2024 to FY 2025, from zero to two convictions. For the last 3 years, the Minnesota MFCU reported four convictions related to patient abuse and neglect and ranked 13th out of 15 similar-sized MFCUs. Additionally, in FY 2025, the Minnesota MFCU reported 15 investigations and one indictment related to patient abuse and neglect. As discussed above, the Unit should also seek to obtain law enforcement authority. Having law enforcement authority would allow the Unit to more effectively use its resources to investigate patient abuse and neglect cases.

Further, the Minnesota MFCU does not have primary authority to prosecute patient abuse and neglect and must rely on local and county attorneys to prosecute these cases or make a referral to the Unit. 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 primary authority for these cases. Without additional authority, the Minnesota MFCU will be limited in its ability to effectively prosecute these important cases and better protect the health and safety of Minnesota's Medicaid enrollees will be less safe because of this limitation.

Effect of Conditional Recertification With Special Conditions

OIG is granting conditional recertification subject to special conditions. To remove this special condition, the Unit must take the corrective actions as detailed in Enclosure A.

Upon successful completion of the corrective actions, OIG will remove the special condition. If the Minnesota 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 Minnesota MFCU Federal grant. The Minnesota MFCU must take corrective actions to come into compliance with the MFCU performance standards (42 CFR § 1007.17(c)(3)). The Minnesota MFCU must also demonstrate that it can improve its effectiveness in using its resources to investigate and prosecute patient abuse and neglect cases, including pursuing primary authority for these cases. 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 Minnesota MFCU to identify all actions necessary for it to meet its obligations under the law.

1. Fiscal Management

The Unit must take the following steps to address the deficiencies related to fiscal control described in this letter. Specifically, within 30 days of the date of this letter, the Unit must provide to OIG a plan that details how the Unit will ensure timely submission of fiscal information, remediate any additional issues related to the overmatching for the Federal grant, and ensure that staff are well trained in grant management. In addition, within 6 months of the date of this letter, the Unit must provide to OIG a progress report that details the steps that the Unit has taken in accordance with its plan. OIG may provide feedback to the Unit on the plan and progress report, as necessary.

2. Implement Recommendation

The Minnesota MFCU must implement the unimplemented recommendation in the 2022 onsite inspection report, which is:

- Implement a comprehensive case management system that allows for efficient access to case documents and information.