



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**

WASHINGTON, DC 20201



July 1, 2026

Attorney General Raúl Labrador  
State of Idaho, Office of the Attorney General  
700 W. Jefferson Street, P.O. Box 83720  
Boise, ID 83720-001

Interim Director Shawn Eastman  
Medicaid Fraud Control Unit  
Criminal Law Division  
Office of the Attorney General  
P.O. Box 83720  
700 W. State Street, 4th Floor  
Boise, ID 83720-0010

Dear Attorney General Labrador and Interim Director Eastman:

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. Idaho receives approximately \$1.3 million per year from American taxpayers for these purposes. Given this substantial investment in the Idaho MFCU, American taxpayers and the Federal Government expect the Unit and the Idaho 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 Idaho 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 Idaho 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 to 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 compliance with certain MFCU regulations, staffing, and referrals.

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 Idaho MFCU for 60 days beginning July 1, 2026, subject to the special conditions described below. 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 for 60 days subject to special conditions. OIG evaluated whether the Unit demonstrated that it effectively carries out its statutory functions and responsibilities as required by 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 Idaho MFCU did not comply with 42 CFR 1007.5(b)(3), which requires Units to have their own contiguous space to be considered a single, identifiable entity. Additionally, 42 CFR 1007.11(f) requires Units to safeguard all beneficiaries' data, including information in their evidence rooms. The Idaho Unit shares space, including an evidence room, with the Attorney General's Criminal Law Division.

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

3. Adherence to Performance Standards (42 CFR § 1007.17(c)(3)): OIG has determined that the Idaho 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 Idaho MFCU does not employ a total number of professional staff commensurate with the State's total Medicaid program expenditures. The Unit employs 10 staff. Based on Idaho Medicaid expenditures of \$4.1 billion in FY 2025, OIG analysis predicts the Unit should have a staff of 13. OIG's Office of Investigations (OI) reported that the Unit needs more investigators. The Unit struggles with turnover, and the Director departed as of June 15, 2026. With the Director position now vacant, only one staff person has been at the Idaho MFCU longer than 2 years. In its recertification information, the Unit reports that its pay and benefit level pose challenges for recruitment and retention. Addressing the staffing issues will be essential to improve the Unit's performance.

- Performance Standard 4—Referrals:

In FY 2025, the Idaho MFCU reported that it received 19 referrals from the State Medicaid Program Integrity Unit (PIU), including four from managed care organizations (MCOs). This is an increase from FY 2024, when the Unit received two PIU referrals and three referrals from MCOs. In its recertification information, the Unit reports that it continues to receive a low number of referrals from MCOs. The Unit should 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.

The Idaho Unit received eight patient abuse and neglect referrals in FY 2025, which is similar to prior years. The Unit reports that limits related to its authority that pose barriers to receiving patient abuse and neglect referrals. The Unit does not have primary authority to investigate or prosecute these cases, and local law enforcement and prosecutors' offices have primary jurisdiction.

- Performance Standard 5—Case Progression:

The Idaho MFCU is effectively managing its case progression. The Unit reports that 4 percent (8 of 206) of the Unit's cases have been open for more than 3 years. Further, the Unit staff meet monthly to review, discuss, and update each case.

- Performance Standard 8—Cooperation:

The Idaho MFCU has an adequate working relationship with OI and other Federal partners, but there is room for improvement. OI reports a good relationship with the Unit; however, in the Unit's 2025 recertification information, OI reported that only one joint investigation was

opened, which was down from the five joint investigations OI reported in the year prior. OI reports that the Unit's staff turnover impacts coordination, and the Unit reported resource constraints as a barrier to additional coordination. The Unit conducted joint training with OI in late 2024. As the Unit addresses its staffing issues, it should consider ways to improve coordination with OI.

4. Effectiveness Investigating and Prosecuting Fraud (42 CFR § 1007.17(c)(4)): The Idaho 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, as well as 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.

From FY 2023 to FY 2025, the Unit reported 11 fraud convictions, which ranks the Idaho MFCU fifth among 12 similarly situated Units. Additionally, for FY 2025, the Idaho MFCU reported 143 fraud investigations, 5 fraud indictments, 8 civil settlements and judgments, and total monetary recoveries of just less than \$1 million.

5. Effectiveness Investigating and Prosecuting Patient Abuse and Neglect (42 CFR § 1007.17(c)(5)): The Idaho 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.

Since FY 2021, the Unit has not reported any convictions related to patient abuse and neglect. For FYs 2023–2025, the Idaho MFCU is in a tie for ranking last among 12 similarly situated Units. Additionally, in FY 2025, the Idaho MFCU reported two investigations and zero indictments related to patient abuse and neglect. These outcomes do not demonstrate that the Unit is effectively investigating or prosecuting patient abuse and neglect cases.

As discussed previously, the Idaho MFCU does not have primary authority for patient abuse and neglect investigations and prosecutions. 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 Idaho MFCU will be limited in its ability to effectively investigate and prosecute these important cases and better protect the health and safety of Idaho Medicaid enrollees.

#### **Effect of Conditional Recertification With Special Conditions**

OIG is granting conditional recertification for 60 days subject to special conditions. To remove the special conditions, the Unit must take the corrective actions as detailed in the Enclosure.

Upon successful completion of the corrective action, OIG will remove the special conditions. Should the Idaho MFCU fail 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,

A handwritten signature in blue ink, appearing to read "T. March Bell". The signature is written in a cursive, flowing style.

T. March Bell  
Inspector General

Enclosure

### **Enclosure: Special Conditions for Corrective Action**

OIG imposes the following special conditions on the Idaho MFCU Federal grant. The Idaho MFCU must take corrective actions to come into compliance with the MFCU performance standards (42 CFR § 1007.17(c)(3)). The Idaho MFCU must also demonstrate its effectiveness in using its resources to investigate and prosecute patient abuse and neglect 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 the 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 Idaho MFCU to identify all actions necessary for it to meet its obligations under the law.

#### 1. Compliance With Regulations:

The Unit must take the following steps to comply with 42 CFR § 1007.5(b)(3), which requires Units to have their own contiguous space to be considered a single, identifiable entity. And the Unit must take the following steps to comply with 42 CFR § 1007.11(f), which requires Units to safeguard all beneficiaries' data, including information in their evidence rooms. Within 30 days of the date of this letter, the Unit must provide to OIG a plan that details how the Unit will ensure compliance with both regulations and a timeline for doing so. In addition, within 60 days of the date of this letter, the Unit must provide a progress report that details the steps the Unit has taken to ensure compliance consistent with its plan. OIG may provide feedback to the Unit on the compliance plan and progress report, as necessary. To remove the special condition, the Unit has to do more than merely submit a plan for compliance and a progress report; it must also demonstrate significant progress toward addressing the compliance deficiencies described in this letter.

#### 2. 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 and patient 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. In addition, within 60 days 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 has to 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.

#### 3. Referrals:

The Unit must take steps to address the referral deficiencies described in this letter. Specifically, within 30 days of the date of this letter, the Unit must provide to OIG a root cause analysis of the low referrals and an action plan that details the steps the Unit will take to

increase its referrals. The action plan must specify the referral entities with which the Unit will schedule regular meetings (at least monthly) and a description and targeted timeline for providing training or other information to the specified referral entities to encourage referrals. In addition, within 60 days 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 action plan and the number/percentage increase in referrals from each referral source over the last 60-day period. OIG may provide feedback to the Unit on the action plan and progress report, as necessary. To remove the special condition, the Unit has to do more than merely submit a plan for improvement and a progress report; it must also demonstrate significant progress toward addressing the referral deficiencies described in this letter.