



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201



July 2, 2026

Attorney General Aaron Frey
Office of the Maine Attorney General
6 State House Station
Augusta, ME 04333

Director William Savage
Healthcare Crimes Unit
Office of the Maine Attorney General
Augusta, ME 04333

Dear Attorney General Frey and Director Savage:

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. Maine receives approximately \$1.9 million per year from American taxpayers for these same purposes. Given this substantial investment in the Maine MFCU, American taxpayers and the Federal Government expect the Unit and the Maine Attorney General, to use the millions of Federal dollars to effectively fight Medicaid fraud and protect Medicaid patients from abuse and neglect.

The Maine MFCU is not living up to this expectation and is not operating effectively as required by Federal law and the terms and conditions of the MFCU grant award. In fiscal year (FY) 2025, the Unit secured zero fraud convictions and zero fraud indictments and recovered \$0 from its civil fraud cases. In response, the Maine MFCU must take action to demonstrate that it is capable of effectively carrying out its statutory fraud-fighting responsibilities.

The Department of Health and Human Services, Office of Inspector General (OIG) is conditionally recertifying the Maine MFCU for 60 days, 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 Maine 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 staffing, referrals, and cooperation 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 Maine MFCU for 60 days beginning July 2, 2026, subject to special conditions. This letter serves as written notice and explanation of OIG's determination to conditionally recertify the Unit for 60 days 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 and 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 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 Maine MFCU generally complied with applicable laws and regulations.

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

3. Adherence to Performance Standards (42 CFR § 1007.17(c)(3)): OIG has determined that the Maine 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 Maine MFCU does not employ a total number of professional staff commensurate with the State's total Medicaid program expenditures. The Unit has 10 approved positions and 10 of them are filled as of the end of 2025. Based on Maine Medicaid expenditures of more than \$5.2 billion, OIG analysis predicts that the Maine MFCU should have approximately 15 staff members. In its FY 2025 recertification information, the Unit reports that it does not have enough staff to effectively fulfill its mission and objectives. The State Medicaid agency Program Integrity Unit (PIU) indicated that it plans to significantly increase the number of referrals that it sends to the Unit from 5 to 96 referrals. Although the Unit reports that it intends to hire an additional investigator to assist with the expected increase, it reports that more staff are needed to effectively investigate fraud and improve the Unit's performance.

- Performance Standard 4: Referrals

In FY 2025, the Maine MFCU reported receiving 43 fraud referrals overall and 4 from the PIU. In FY 2024 the Unit received 41 referrals overall and 11 from PIU. Although the Unit reports that the PIU intends to significantly increase the number of referrals that it sends to the Unit, the Unit has received a low number of referrals from the PIU for several years. This low number of referrals raises concerns that the MFCU is not receiving all cases of suspected fraud from the PIU as required by Medicaid regulations for PIUs. The Maine MFCU should assess why there is such a low number of referrals from the PIU and ensure that the Unit receives all suspected cases of fraud.

- Performance Standard 5: Case Progression

The Maine MFCU is effectively progressing its cases within an appropriate timeframe and taking steps to maintain good case progression. The Unit reports that all cases are reviewed quarterly by Unit supervisors and that most cases are reviewed monthly. At the end of FY 2025, approximately 21 percent (9 of 41) of the Unit's open cases have been open for more than 3 years. This is a decrease from FY 2024, when approximately 29 percent (12 of 42) of the Unit's open cases had been open for more than 3 years.

- Performance Standard 8: Cooperation

The Maine MFCU has a productive working relationship with OIG's Office of Investigations (OI) and other Federal partners. OI reported that the Maine MFCU coordinates and cooperates well with OI agents, but that the Unit should hire additional investigators to increase their capacity to investigate fraud. Similarly, the Unit reported that several OI agents recently departed OIG and that this has limited the Unit's ability to coordinate. The Maine MFCU should find ways to improve its cooperation with OI. Although OIG recognizes its staffing limitations and vacancies in Maine contribute to this issue, many MFCUs have excellent working relationships with OI even though there are no agents

physically present in their States. Continued engagement with OI will be important to improving the Unit's outcomes for its criminal and civil fraud cases.

4. Effectiveness investigating and prosecuting fraud (42 CFR § 1007.17(c)(4)): The Maine MFCU is not 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 Maine MFCU's number of fraud convictions decreased from FY 2024 to FY 2025, from one to zero convictions and its number of indictments decreased from four to zero. Although the Unit had 30 open fraud cases at the end of FY 2025, it was not able to secure a single conviction or indictment. For the last 3 years, the Maine MFCU reported 5 fraud convictions and ranked eighth out of 12 similarly situated Units.

From FY 2025 to FY 2024, the Maine MFCU has no civil settlements or judgments and has not recovered any dollars from civil cases, except for its participation in global cases that are facilitated by the National Association of Medicaid Fraud Control Units (NAMFCU). In its recertification information, the Unit explains that it works with the United States Attorney's Office (USAO) or NAMFCU for its civil cases. Although the Unit reports results of the global cases, the MFCU has not reported results from its joint civil investigations or from the civil referrals it makes to the USAO. Without additional information or explanation, the criminal and civil outcomes reported by the Unit do not demonstrate that it is effectively investigating criminal or civil fraud. To more effectively fight fraud, the Maine MFCU must seriously assess the cause of its low outcomes for criminal and civil cases and take immediate action to address issues the Unit identifies.

5. Effectiveness investigating and prosecuting patient abuse and neglect (42 CFR § 1007.17(c)(5)): The Maine MFCU is 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 Maine MFCU's convictions related to patient abuse and neglect decreased from FY 2024 to FY 2025, from six to three convictions. For the last 3 years, the Maine MFCU reported 12 convictions related to patient abuse and neglect and ranked fourth out of 12 similarly situated Units. In FY 2025, the Maine MFCU reported 19 investigations and 2 indictments related to patient abuse and neglect.

Effect of Conditional Recertification With Special Conditions

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

Upon successful completion of the corrective actions, OIG will remove the special conditions. If the Maine MFCU fails to take required actions, 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 and temporary withhold of payments, 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 Actions

The Maine MFCU must take corrective actions to come into compliance with the MFCU performance standards (42 CFR § 1007.17(c)(3)). The Maine MFCU must also demonstrate effectiveness in using its resources to investigate Medicaid fraud cases. Upon OIG's determination that the Unit has taken the actions necessary to comply with its regulatory requirements 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 Maine 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 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 lift the temporary withhold of payments, 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.

2. 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 or 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 lift the temporary withhold of payments, 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.

3. 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 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 coordination plan. OIG may provide feedback to the Unit on the coordination plan and progress report, as necessary. To lift the temporary withhold of payments, 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 coordination deficiencies described in this letter.