Department *of* Government Operations
Office *of* Inspector General *of* Medicaid Services

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Introduction –

Established by the Utah State Legislature during its 2011 General Session, the Office of Inspector General of Medicaid Services (OIG) provides independent oversight across all State Medicaid expenditures and operations. The OIG's primary mission is to protect taxpayer dollars by identifying fraud, abuse and waste risks and vulnerabilities in the State Medicaid Program and by taking action to mitigate or eliminate those risks.

To fulfill its core mission, the OIG employs several key strategies and tools:

- Claims Analysis & Review: Conducting post-payment evaluations of targeted Medicaid claims.
- Provider Investigations: Investigating Medicaid service providers.
- Performance Auditing: Assessing Medicaid functions and overall program performance
- Educational Outreach & Training.

Through these efforts, the OIG actively deters fraud, waste, and abuse by identifying problematic actors and issuing recommendations to optimize Utah Medicaid operations. Additionally, the OIG maintains a close partnership with Utah's Medicaid Fraud Control Unit by providing referrals where there is suspicion of fraud or patient abuse.

Risk Assessment –

To effectively target our oversight efforts, the OIG conducted a comprehensive statewide Medicaid risk assessment. We evaluated Medicaid operations across budget program categories and key processes or functions. To identify key focus areas, every category was assessed against specific criteria. As an illustration, budget program categories were analyzed according to their share of overall funding, where a larger budget share yielded a correspondingly elevated risk score. A higher-risk designation in our assessment does not indicate the presence of fraud, waste, abuse, or inefficiency; rather, it serves as an analytical tool to guide and prioritize future OIG reviews.

These individual scores were aggregated to identify the higher priority areas for OIG oversight. Based on our evaluation, the higher priority areas for FY 2027 are:

- Budget Categories
  - Applied Behavioral Analysis Services
  - Accountable Care Organizations
  - Home & Community Based Waivers
  - Home Health & Hospice
  - Medicaid Expansion
  - Medical Transportation
  - Mental Health and Substance Abuse
  - Nursing Home & Intermediate Care Facilities
- Processes/Functions
  - Budgeting (Medicaid Consensus Process)
  - Directed Payments
  - Provider Assessment
  - Eligibility determination
  - Provider enrollment

The focus of the OIG's work for FY 2027 will be informed by the higher priority areas identified through the risk assessment. Further specifics regarding the OIG's FY 2027 initiatives will be outlined in its FY 2027 work plan.

Appendix A - Budget Category Definitions

- **Share of Budget:** Highling areas where most of Medicaid money is spent
- **Expenditures Growth:** Highlight areas growing faster than the whole Medicaid program since rapid growth in an area may indicate potential fraud, waste, or abuse
- **Reliability of State Funding:** Highlight areas where state funding is at greater risk of being lost
- **Official Risk Designation:** Account for Utah Medicaid or CMS designating high risk areas
- **Recent Audits:** Reduce potential duplication of work in an area recently reviewed by other reviewers
- **Risks Identified Inside and Outside Utah:** Higher risk if other reviews identified significant risk, including criminal findings, in this area for Utah's program or in other states' programs
- **Recent Significant Program Changes:** Recent significant changes likely require changes in internal controls and processes to ensure program integrity. Area may need review to ensure internal controls and program policies and procedures are sufficient.
- **Upcoming Significant Program Changes:** Identify issues where a review can preempt future problems. If a change is coming, can a review help ensure best practices and minimize risk.
- **Potential Impact on Members:** Identify areas where program failures would have a significant impact on the health and safety of Medicaid members

Appendix B - Function/Process Explanations

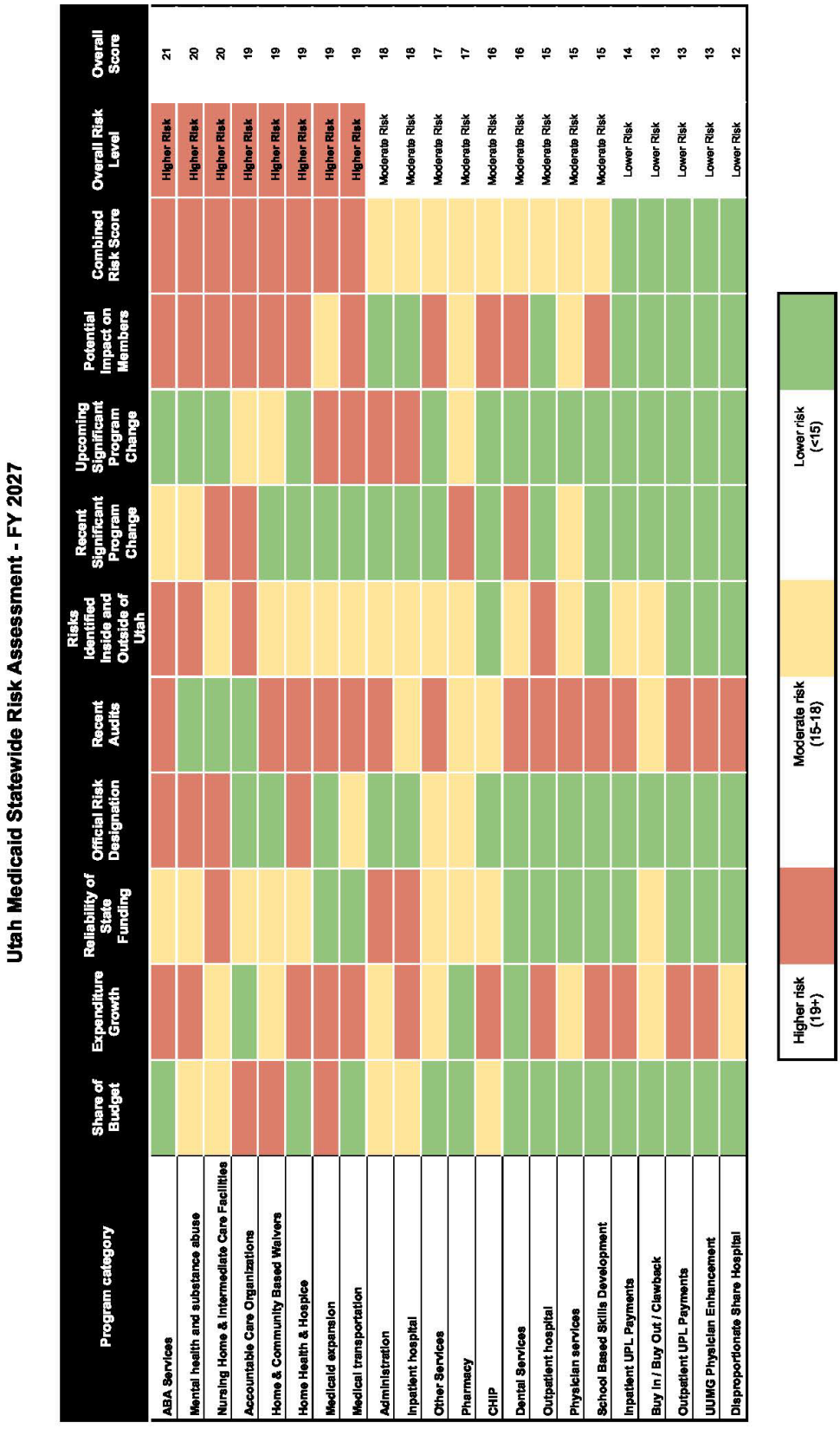
- **Budgeting (Medicaid consensus process):** Yearly process to estimate Medicaid's budget
- **Directed payments:** Supplemental payments made to hospitals and other providers made through managed care plans, including the recent changes in federal law for these payments
- **Admin fees:** DHHS's process for collecting a fee on intergovernmental transfers to fund DHHS administration of Medicaid
- **Provider assessment:** State imposed assessment on certain providers that raises funds for state match, including recent federal changes to the maximum percentages that can be charged
- **Intergovernmental transfers (IGT):** Funds transferred from public entities to pay the state share of certain services
- **Behavioral health matches (county match): State** and county match required to fund the state share of behavioral health services
- **PRISM:** How well Utah Medicaid's system is accurately and timely processing claims and payments
- **Implementation of work requirement:** How DWS and DHHS are implementing the program changes related to HR1's work or community engagement requirement
- **Eligibility determination:** How well DWS is processing and determining Medicaid eligibility, including the 6 month redetermination as part of HR1.
- **Justice involved:** Medicaid waiver program for jails and prisons to provide exiting prisoners with 90-day transition Medicaid coverage as they move from incarceration back to the community
- **Contracting:** Managing and overseeing Utah Medicaid's MCO contracts and other services contracts
- **Provider enrollment:** DHHS's process to enroll and revalidate Medicaid providers, including the recent changes related to high risk providers

Appendix C - Risk Assessment Criterion

The assessment evaluated each area using the following established criteria:

- **Share of Budget (*budget program categories only*):** Evaluated using FY25 figures; a larger proportion of total budget allocation corresponds to a higher risk rating.
- **Expenditure Growth (*budget program categories only*):** Analyzed expenditure growth from FY20 through FY25, alongside spending trends between FY24 and FY25. Spending growth exceeding overall budget growth increased the risk rating.
- **Financial Impact (*process/function only*):** Assessed both the potential severity and probability of financial exposure or consequences.
- **Impact on Providers (*process/function only*)**: Evaluated the operational effects and potential administrative burden on service providers.
- **Reliability of State Funding:** Examined the stability of state funding mechanisms, assigning elevated risk scores to unstable funding streams or sources vulnerable to loss.
- **Official Risk Designations:** Incorporated formal risk classifications established by the Centers for Medicaid and Medicare Services (CMS) or Utah Medicaid, while also considering the number of providers rated at moderate or high risk.
- **Recent Audits:** Reviewed audit coverage over the preceding three years from the OIG, the Utah Office of the Legislative Auditor General, the Utah State Auditor, the HHS OIG, and the Utah DHHS Internal Audit. Areas subject to recent oversight received lower risk scores to prevent duplicative OIG effort.
- **Risks Identified Inside and Outside Utah:** Reviewed risk indicators and significant findings published by federal partners, peer inspector general offices, and program integrity units in surrounding states. Also, included responses from Utah stakeholders.
- **Recent Significant Program Changes:** Reviewed newly introduced operational or regulatory changs.
- **Upcoming Significant Program Changes:** Identified planned structural or policy updates. This rating was significantly influenced by H.R. 1 passed by the 119th United States Congress.
- **Potential Impact on Members:** Measured the proportion of Medicaid enrollees served alongside the vulnerability level of the affected population.

Appendix D - Budget Program Risk Score



Appendix E - Process/Function Risk Map