

A Performance Audit of The Office of Inspector General of Medicaid Services

Policy Options for Improved
Governance and Medicaid Oversight

Office of the Legislative
Auditor General

Report to the UTAH LEGISLATURE



LEGISLATIVE AUDITOR GENERAL



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September 25, 2025

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report:

“A Performance Audit of the Office of Inspector General of Medicaid Services: Policy Options for Improved Governance and Medicaid Oversight” (Report #2025-20).

An audit summary is found at the front of the report. The scope and objectives of the audit are included in the audit summary. In addition, each chapter has a corresponding chapter summary found at its beginning.

[Utah Code 36-12-15.3\(2\)](#) requires the Office of the Legislative Auditor General to designate an audited entity’s chief officer. Therefore, the designated chief officer for the Office of Inspector General of Medicaid Services is Neil Erickson. Neil has been notified that they must comply with the audit response and reporting requirements as outlined in this section of *Utah Code*.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

Kade R. Minchey, CIA, CFE

Auditor General

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SYSTEMIC PERFORMANCE AUDIT

OFFICE OF THE INSPECTOR GENERAL OF MEDICAID SERVICES (OIG)

AUDIT REQUEST

The Legislative Audit Subcommittee requested and prioritized a systemic performance audit of the Office of Inspector General of Medicaid Services (OIG). This is the second audit of the OIG. The first was published in 2018. This type of audit has an initially large scope that is reduced as risks are identified.

BACKGROUND

The Legislature created the OIG in 2011 to provide Medicaid oversight and identify and pursue instances of fraud, waste, and abuse (FWA). A 2018 OLAG audit found that OIG was not assessing risk or completing performance audits of Medicaid and managed care plans, and that the amount of taxpayer dollars recovered should be higher. The OIG leadership has not made adequate effort to improve office performance and oversight of Medicaid's \$5 Billion budget, and a change in governance and accountability are needed to improve the effectiveness of the office.



KEY FINDINGS

- ✓ 1.1 The OIG Leadership Has Failed to Adequately Prioritize High-Impact Audits and Therefore Has Been Delinquent in Fulfilling its Duties
- ✓ 1.2 The OIG Does Not Conduct Annual Planning, Limiting Its Ability to Provide Full Medicaid Coverage
- ✓ 1.3 The OIG Has Provided Insufficient Oversight of Accountable Care Organizations, In Which Other States Have Found Concerning Practices
- ✓ 2.1 The OIG Has Failed to Improve Its Office Governance and Impact
- ✓ 2.2 The OIG Has Inconsistent Performance Practices and Some Low Performance Outcomes
- ✓ 2.4 The OIG Has Operated Under a Limited Oversight Structure



RECOMMENDATIONS

- ✓ 3.1 The Legislature should consider a menu of options to improve the governance, accountability, and effectiveness of the Office of Inspector General
- ✓ 1.1 The Office of Inspector General should prioritize the office's work according to the highest overall risk. The office should perform ongoing, holistic, risk-based assessments of the Medicaid program to ensure high impact risks are identified
- ✓ 1.2 The Office of Inspector General should continually engage in performance-based auditing of Medicaid by reviewing for cost efficiencies, effectiveness, and outcomes
- ✓ 2.1 Program Integrity should conduct a formal analysis of the factors contributing to its inconsistent and, at times, negative return on investment (ROI)
- ✓ 2.5 Program Integrity should reconsider the usefulness of the cost avoidance metric

REPORT SUMMARY

The OIG Has Not Adequately Fulfilled its Mandate to Provide Oversight of Medicaid

The Utah Office of the Inspector General (OIG) has failed to provide effective oversight of the state's \$5 Billion Medicaid program, neglecting risk assessments, performance audits, and strategic annual planning. Despite statutory authority and repeated recommendations, the OIG has not adequately reviewed high-risk areas like Accountable Care Organizations or publicly reported its findings, resulting in poor accountability, inefficient resource use, and missed opportunities for program improvement.

The OIG Lacks Sufficient Governance, Leadership, and a Positive Culture

There are issues with the OIG's functioning, including poor governance, ineffective leadership, and a lack of transparency and accountability.

Despite prior recommendations and strategic goals, the office has failed to improve its performance metrics and maintain accurate reporting. These persistent issues undermine the OIG's credibility and its ability to fulfill its mandate of safeguarding Medicaid resources.

The Legislature Should Consider Policy Options to Improve Accountability of The Office of Inspector General

To improve oversight of the Medicaid program, there are policy options for the Legislature. These include creating an oversight board, relocating audit responsibilities, or dismantling the office entirely. These recommendations draw from successful models in other states and aim to enhance accountability, transparency, and program effectiveness for Utah taxpayers.

OIG Has Done Little to Evaluate Medicaid and Accountable Care Organizations (ACOs)

While the OIG often performs audits of Medicaid policy and compliance, only 20 percent of OIG audits have focused on Medicaid or ACO performance outcomes. This is important because the Legislature authorized the OIG to oversee Medicaid operations and funding, but this has largely remained unaddressed.

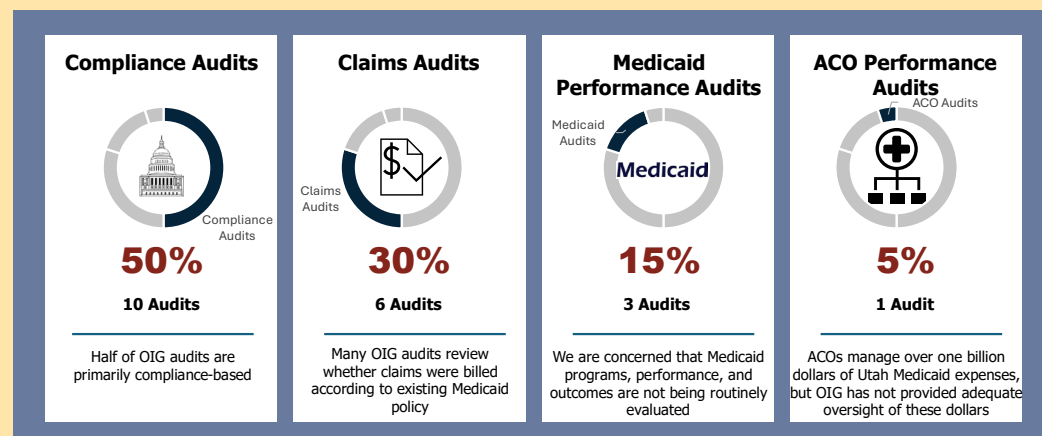


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Introduction

Since the 2000s, the Office of the Legislative Auditor General has audited Medicaid and identified issues with governance, independence, policy, and practice. In 2010, our office recommended an Office of Inspector General (OIG or office) be created to provide needed Medicaid oversight. The Legislature responded, granting full authority to the OIG to conduct oversight of Medicaid programs, activities, and spending. We audited to the Legislature's definition of Medicaid oversight in *Utah Code*, which includes 1) *investigating* fraud, waste, and abuse and 2) *auditing* the state Medicaid program for efficiencies and effectiveness. This audit evaluates the overall performance of the office against this definition, particularly its activities since our last audit of the OIG in 2018.

Today we find that Medicaid risks continue to increase. The OIG has not fulfilled its mandate for Medicaid oversight as envisioned and has not maximized its value. Therefore, this report's findings compel us to notify the Legislature that this model for Medicaid oversight is not working and major changes are needed. Our findings are structured in the chapters of the report as follows:

1

We discuss how OIG has not provided sufficient oversight of Medicaid and has not engaged in holistically identifying high-risk areas. We also highlight how the OIG has not provided oversight of over \$1 Billion spent by accountable care organizations within Medicaid.

2

We highlight concerns with the OIG's accountability, transparency, and effectiveness. We note performance outcomes that have at times been negative, the OIG's inconsistent internal practices, and its operation under a limited oversight structure.

3

We recommend that the Legislature consider policy options to improve the accountability and effectiveness of the OIG. These recommendations are based on governance models from other states.

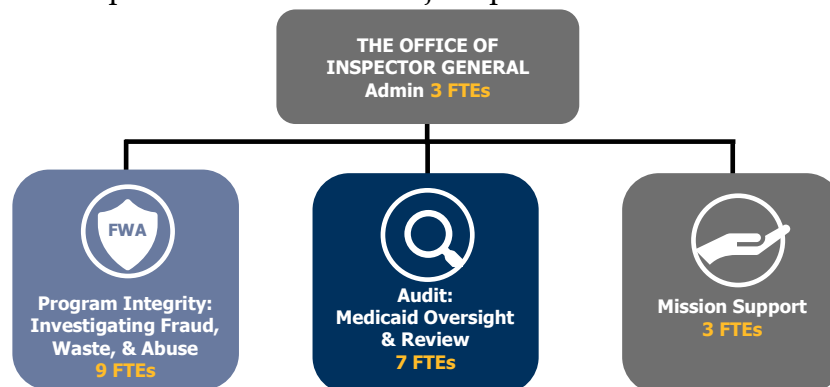
Overall, we believe the OIG's lack of oversight has resulted in a less efficient and effective program. Utah needs an improved model for the state's Medicaid program. Therefore, we provide recommendations in this report to uphold proper Medicaid oversight.

Finally, it's worth noting that this report and its findings, as well as findings in our prior 2018 report, address our concerns with operations and prior leadership within the OIG. During this audit the leadership team within the OIG terminated employment within the office. Now a new interim leadership team is in place. This audit reviewed the timespan of office activities that ranged from 2018 to 2024, including portions of 2025, before these changes were made.



The Office of Inspector General Was Created to Provide Medicaid Oversight

The Legislature created the OIG in 2011 to 1) provide Medicaid oversight and 2) identify and pursue instances of fraud, waste, and abuse (FWA). Specifically, prior audits noted that the Department of Health's existing structure—now the Department of Health and Human Services (DHHS)¹—had oversight functions that provided these two services but lacked independence. We made recommendations for these functions to be relocated into a single entity to improve overall effectiveness, office impact, and independence. Today the OIG is composed of these two major operational areas.



The current structure of the OIG includes both a Program Integrity and Audit function. The OIG has 22 full-time equivalent (FTE) employees within these two primary structural divisions.

The office also has administrative and mission support staff that include a data scientist, a program specialist, and an office specialist.

The primary functions of the office are as follows:



Program Integrity (PI). Federal rules require states to have a program integrity function for Medicaid. This function conducts post-payment medical reviews to ensure payments were billed and paid appropriately. It also investigates potential or actual fraud, waste, or abuse (FWA)² within the state Medicaid program.

¹ The Department of Health and the Department of Human Services merged in 2022 to become the Department of Health and Human Services (DHHS).

² FWA are defined as follows:

Fraud: An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to themselves or another person.

Waste: Overutilization of services or other practices that directly or indirectly result in unnecessary costs to the Medicaid program, typically not involving criminal intent but rather poor management decisions, practices, or controls.



The OIG staffs its Program Integrity function with investigators, including nurses. We worked with OIG investigators, interviewing them and observing their job responsibilities. This group's work is often highlighted through the OIG's annual reporting, and its performance will be discussed in greater detail in Chapter 2.



Audit. This function is statutorily mandated to audit, inspect, and evaluate the functioning of the state's Medicaid division. The Audit team is responsible for conducting evaluations and performance audits of Medicaid services, programs, and costs. *Utah Code* authorizes the Audit function to make recommendations to both the Legislature and the department. The goal is to ensure the Medicaid program is managed in the most efficient and cost-effective manner possible.

The OIG has not used its authority to provide oversight of Medicaid programs and managed care providers. Therefore, many of our recommendations are made for the success of the Audit function in whatever structure it exists in the future.

Utah Medicaid Has Potential Risks That Should Be Evaluated

Utah's Medicaid program faces increasing risks due to its substantial growth and inherent complexities. The Legislature authorized the OIG to identify FWA through Program Integrity; however, this report highlights our concerns that the functions of the office have not maximized their value to meet increased risks. Risks within the Medicaid environment that must be addressed include the following:

- Major increases in Medicaid spending (17 percent) and membership (20 percent) from 2021 to 2023
- Medicaid program expansion in 2019 and unwinding in 2023
- The merging of DOH and DHS into one department and the potential to identify efficiencies in Medicaid processes among various groups
- A lack of OIG audit coverage and risk assessment of the Medicaid program (see Chapter 1)
- In 2025 the FBI identified the largest healthcare fraud case in U.S. history

Abuse: Provider practices that are inconsistent with sound fiscal, business, or medical practices, resulting in an unnecessary cost to the Medicaid program or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards.



- Heightened cybersecurity threats among healthcare institutions

Medicaid's budget exceeds \$5 Billion, and the healthcare landscape is constantly shifting. The potential for FWA and programmatic inefficiencies remains a reality. The sheer volume of funds managed, coupled with the intricate network of providers and beneficiaries, demands a vigilant and proactive oversight body. Our analysis suggests that the OIG has not adequately scaled its efforts or adapted its strategies to meet these escalating risks.

Considering the materially significant findings identified during our audit of the Office of Inspector General, we believe there are important policy options for the Legislature to consider, including future restructuring or new placement for the Audit and Program Integrity functions.

Other States Have Different Structures and Best Practices Worth Noting

During this audit we contacted several states to identify best practices and find meaningful comparisons for improved Medicaid oversight. Not all states have an inspector general, and others that do were not suitable for comparison.³ We also reviewed states with similar size to Utah's, but these did not have reporting or structures that would aid in meaningful comparison.

Texas and New York offered the best comparisons during this audit. We found that their OIGs are structured similarly to Utah's, with both a Program Integrity and an Audit function. Specifically, their audit functions possess and assert audit authority to provide comprehensive program oversight. We found these elements to be crucial and were not present in all other states in our sample. While these states provide meaningful comparison, we acknowledge that the Medicaid programs in Texas and New York vastly outpace Utah's in funding, member enrollment, and OIG resources. This scale likely gives these states some advantages. However, each state is comparable when evaluating OIG expenditures as a percentage of the states' total Medicaid expenditures. This shows a similar proportion of oversight funds to Medicaid funds. In summary, we note the frequent comparison of Utah with Texas and New York throughout this report but believe doing so will help the Legislature identify ways for improved Medicaid oversight.

³ For example, neighboring states like Colorado, Idaho, Nevada, and Wyoming do not have a dedicated OIG overseeing their Medicaid programs. While Arizona and New Mexico have OIGs, their offices are housed within and are accountable to their Medicaid programs, a structure that lacks some independence.



BACKGROUND

The Legislature created the Office of Inspector General (OIG) 14 years ago to perform Medicaid oversight. However, the OIG has not done well to risk assess and audit Medicaid operations, review managed care entities, or inform the Legislature on timely issues. We make recommendations to the OIG and the Legislature for improved Medicaid oversight.

FINDING 1.1 The OIG Leadership Has Failed to Adequately Prioritize High-Impact Audits and Therefore Has Been Delinquent in Fulfilling its Duties

RECOMMENDATION 1.1

The Office of Inspector General should prioritize the office's work according to the highest overall risk. The office should perform ongoing, holistic, risk-based assessments of the Medicaid program to ensure high impact risks are identified. The office should demonstrate its ability to reduce Medicaid risk and improve operations over time.

RECOMMENDATION 1.2

The Office of Inspector General should continually engage in performance-based auditing of Medicaid by reviewing for cost efficiencies, effectiveness, and outcomes. The office can do this by including performance elements for Medicaid in its annual risk assessment and reporting its results in its annual report. Doing so will add greater value and accountability.

RECOMMENDATION 1.3

The Office of Inspector General should provide additional value-added analyses by providing cost-efficiency, cost-driver, and other timely Medicaid-related information to the Legislature. This information should be included in its annual report to the Legislature. Doing so will ensure the office maximizes its expected Medicaid expertise to the State of Utah.

FINDING 1.2 The OIG Does Not Conduct Annual Planning, Limiting Its Ability to Provide Full Medicaid Coverage

RECOMMENDATION 1.4

The Office of Inspector General conduct annual planning, considering broad coverage of Medicaid operations. The office should regularly report to the Legislature on its progress toward its annual work plan, including details on audit activities, audits initiated and finalized, and audit findings. Doing so will ensure the office is focused on demonstrating broad coverage and accountability for the entire Medicaid program.

FINDING 1.3 The OIG Has Provided Insufficient Oversight of Accountable Care Organizations, In Which Other States Have Found Concerning Practices

RECOMMENDATION 1.5

The Office of Inspector General provide improved oversight of Accountable Care Organizations. We recommend the office perform ongoing risk assessment and regular auditing of these organizations. Doing so will ensure the office fulfills its mandate by helping these organizations improve.

FINDING 1.4 The OIG Does Not Publicly Report Medicaid Recommendations Directed in Utah Code

RECOMMENDATION 1.6

The Office of Inspector General publicly report its audit recommendations to Medicaid in its annual report and in its annual update to the Legislature. Doing so will improve recommendation quality and promote Medicaid accountability.



CONCLUSION

Chapter 1 makes recommendations to the Legislature's designated oversight entity for Medicaid oversight. However, Chapter 3 provides additional policy options for the Legislature to consider for improved governance and accountability.





Chapter 1

The OIG Has Not Adequately Fulfilled its Mandate to Provide Oversight of Medicaid

The Office of Inspector General (OIG or office) has not provided sufficient oversight for Utah Medicaid (Medicaid).⁴ At over \$5 Billion, Medicaid manages the largest line item in the state budget.⁵ The Legislature created the OIG to independently monitor Medicaid.

Unfortunately, the office's lax oversight has left the program providing services without someone helping it to improve.

Specifically, the OIG does not evaluate risks to Medicaid funds or programs holistically or individually, though they

are required to do so in *Utah Code*.⁶ The OIG has demonstrated significant shortcomings and has failed to

adequately deliver services for which it is charged in state statute to perform.⁷



The Office of Inspector General has failed to adequately deliver oversight of services for which the taxpayers have been funding.

The Legislature created the OIG 14 years ago to perform Medicaid oversight. However, we do not believe the OIG has performed the oversight required and recommended in our 2010 audit⁸ (as discussed in the Introduction). While we make recommendations for the OIG because that is the legal entity that currently exists, we recommend the Legislature consider changes to its governance and structure, which will be discussed in greater detail in Chapter 3.

⁴ The formal name of Medicaid's division within the Department of Health and Human Services (DHHS) is the "Division of Integrated Healthcare." For simplicity we use "Medicaid" in this report.

⁵ In fiscal year 2024, Medicaid's line-item accounted for 23 percent of all operational spending within the state.

⁶ *Utah Code* 63A-13-202.

⁷ The Association of Inspectors General in *Principles and Standards for Offices of Inspector General* (2024) outlines that OIGs are expected to "hold government officials accountable for efficient, cost-effective government operations and to prevent, detect, identify, expose and eliminate fraud, waste, corruption, illegal acts, and abuse." We concur with this statement, and this report makes recommendation to meet these expectations.

⁸ *A Performance Audit of Utah Medicaid Provider Cost Control*. (Report #2010-16). Office of the Legislative Auditor General. https://pf.utleg.gov/olag/reports/audits/2010/2010-16/89c2f382-dad5-4631-bebb-16ddcc971255/2010-16_RPT.pdf



1.1 The OIG Leadership Has Failed to Adequately Prioritize High-Impact Audits and Therefore Has Been Delinquent in Fulfilling its Duties

In our 2018 audit of the OIG we recommended the office improve its risk assessment process, which the inspector general at the time agreed to do.⁹ Despite its oversight authority (and our recommendation), the OIG has not conducted a holistic assessment of Medicaid risks, including a review of the



Utah Code defines Medicaid oversight and authorizes the OIG to investigate and audit within Medicaid.

highest costs to Medicaid and its program effectiveness. Because of the OIG's limited resources, the OIG should focus on the most impactful, high-risk areas within the program. We believe when these resources are not maximized, Medicaid members and taxpayers pay the cost.

This audit focuses on the Legislature's definition of Medicaid oversight which it codified in statute when it created the office in 2011. **Utah Code** 63A-13-202 defines OIG's Medicaid oversight as follow:

Utah Code 63A-13-202

The inspector general of Medicaid services shall

[1] ...investigate and identify potential or actual fraud, waste, or abuse in the state Medicaid program...

[2 and]...audit, inspect, and evaluate the functioning of the division [Medicaid] for the purpose of making recommendations to the Legislature and the department to ensure that the state Medicaid program is managed...in the most efficient and cost-effective manner possible...

We use this definition throughout this report. According to **Utah Code** the OIG should be investigating fraud, waste, and abuse (which is performed by Program Integrity) and should be auditing for efficient and cost-effective program management.

⁹ A Performance Audit of the Utah Office of the Inspector General of Medicaid Services (Report #2018-03). Office of the Legislative Auditor General. https://pf.utleg.gov/olag/reports/audits/2018/2018-03/36c9d9ff-d413-45ee-916e-c3a97949012c/2018-03_RPT.pdf



The OIG Has Not Evaluated Major Portions of Medicaid for Performance and Health Outcomes

The OIG does not attempt to holistically quantify Medicaid risk or conduct an annual risk assessment that we recommended the office perform in our 2018 audit. Instead, OIG management reported that they primarily look at

- Risks identified in data analyses
- Leads from previous reviews of billings
- Risks, including emerging risks, found in other states



We believe the OIG's reactive, non-risk-based approach has resulted in inefficient use of limited resources.

In short, OIG management discusses areas that have come to their attention and prioritizes staff work based on this limited assessment. We believe this reactive, non-risk-based approach, will result in inefficient use of limited resources. Figure 1.1 lists high cost areas we would expect OIG to review.

Figure 1.1 These Are Examples of High Financial Risk Areas That We Would Expect the OIG to Review. However, the office has performed limited or no review in some of these areas. This figure includes fiscal year 2024 expended dollars.



Source: Auditor generated with 2024 Medicaid Annual Report data.

The OIG should prioritize the areas it reviews based on a holistic risk assessment of Medicaid. However, this has not occurred.

The OIG Does Not Effectively Audit Medicaid for Performance

The Legislature assigned the OIG responsibility to ensure strong Medicaid operations. However, its audit work has primarily covered how Medicaid billing practices comply with policy, with limited work on Medicaid performance or service outcomes. OIG and general audit standards¹⁰ outline the importance of performing ongoing risk assessments, and other



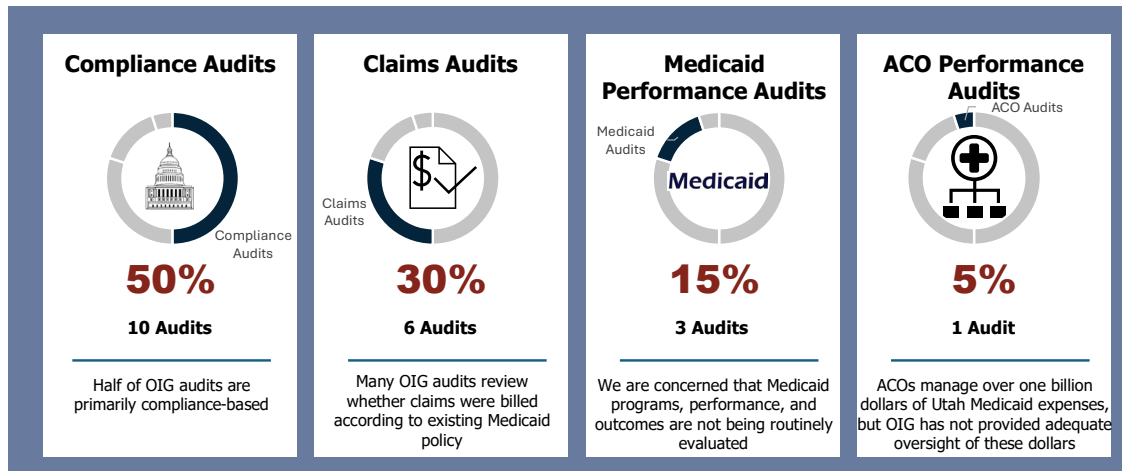
The OIG's work has primarily focused on claims, and not Medicaid performance, programs, services, or outcomes.

¹⁰ See the Association of Inspectors General's *Principles and Standards for Offices of Inspectors General* (2024) on page 11 and the U.S. Government Accountability Office's *Government Auditing Standards* (2024) on page 86.



state offices assess risk on an ongoing basis. However, OIG’s process does not assess for or prioritize the greatest risks. Figure 1.2 visualizes the OIG’s audit areas from their 20 reports since our 2018 audit. Each of these percentages represents what type of audit they performed under these categories.

Figure 1.2 OIG Has Done Little to Evaluate Medicaid and Accountable Care Organizations (ACOs) in the Last Seven Years. While the OIG often performs audits of Medicaid policy and compliance, only 20 percent of OIG audits have focused on Medicaid or ACO performance or outcomes. This is important because the Legislature authorized the OIG to oversee Medicaid operations and funding, but this has largely remained unaddressed.



Source: Auditor generated based on the OIG reports.

Our concern is that few of the office’s audits have focused on the last two areas—two major areas with potential Medicaid risk. OIG leadership should have been strategically prioritizing audits with the greatest impact on recipients and funds. Not doing so has left the state open to financial exposure even after we recommended the office improve its approach to reviewing Medicaid. Our last audit¹¹ of the OIG in 2018 states the following:

Performance audits are a tool for addressing not just fraud, waste, and abuse, but also efficiency and effectiveness. Effectiveness audits of Medicaid (and its contractors) can provide great value because they can affect broader issues of governance and oversight.

¹¹ A Performance Audit of the Utah Office of the Inspector General of Medicaid Services. (Report #2018–03), page 19. https://pf.utleg.gov/olag/reports/audits/2018/2018-03/36c9d9ff-d413-45ee-916e-c3a97949012c/2018-03_RPT.pdf



Improving these “broader issues of governance and oversight” could have led to widespread improvements in efficiency and effectiveness and therefore cost



Office leadership has not acted upon its authority or our recommendations to consider the highest risk and to improve programs.

savings. However, OIG management has not acted upon its authority,¹² or our recommendation—intended to consider the highest risk and improve programs—by completing various performance audits of the Medicaid program.¹³ By conducting appropriate risk assessments, prioritizing staff work based on that assessment, and completing

performance audits of Medicaid, the OIG can increase accountability, effectiveness, and efficiency.

RECOMMENDATION 1.1

The Office of Inspector General should prioritize the office’s work according to the highest overall risk. The office should perform ongoing, holistic, risk-based assessments of the Medicaid program to ensure high impact risks are identified. The office should demonstrate its ability to reduce Medicaid risk and improve operations over time.

RECOMMENDATION 1.2

The Office of Inspector General should continually engage in performance-based auditing of Medicaid by reviewing for cost efficiencies, effectiveness, and outcomes. The office can do this by including performance elements for Medicaid in its annual risk assessment and reporting its results in its annual report. Doing so will add greater value and office accountability.

¹² *Utah Code* 63A-13-202(1)(b) and (h).

¹³ We note that the OIG has completed a few performance-based audits, but these are not the result of a holistic risk assessment.



The OIG Should Be More Responsive to the Shifting Medicaid Landscape

The OIG has provided little value in a shifting landscape of Medicaid risk. This figure shows that there have been major shifts in how Medicaid is managed in Utah in the past five years.

The OIG has not audited any of these developments. The office could have provided analysis and information to help smooth the process of these shifts. Because of their importance to Medicaid and its large budget, we have included these major shifts to highlight the potential value that audits could provide in this space.

The Legislature created the OIG to be a Medicaid resource and to maximize its services and benefits. The office must provide meaningful information to the



Failure to improve Medicaid operations has impacts on program recipients and taxpayers who fund the program.

Legislature to give policymakers accurate data to make informed decisions. Neither of these important functions have occurred adequately. Speaking on this topic, Utah's Medicaid director indicated that there are many areas that could use performance audits for greater program outcomes and efficiency. The director further stressed that failure to review Medicaid for program efficiencies directly affects the efficiency and effectiveness of the program, impacting Medicaid recipients and the taxpayers who fund the program. We concur with this assessment.

In addition to robust risk assessment and accompanying performance audits, the OIG could provide added value by offering oversight and information in areas that inform policy or where greater cost efficiencies could be achieved, which Figure 1.3 covers.

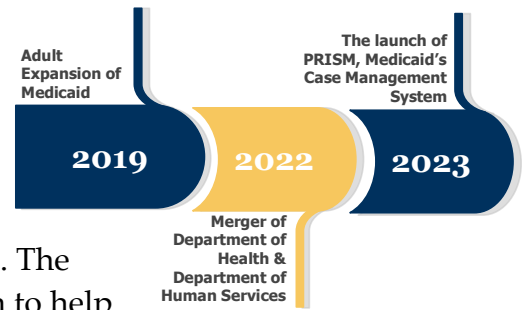


Figure 1.3 Examples of Where the OIG Could Have Provided Value but Failed to Do So.

	OIG Does Not Review Medicaid Finances. OIG does not review Medicaid financials and had no additional financial information than what is provided in Medicaid’s annual report. Currently the Legislative Fiscal Analyst (LFA) annually reports areas for greater Medicaid efficiencies and program cost reductions—work similar to what OIG has been mandated to do. If it were not for LFA’s work, we believe policymakers would have a difficult time identifying some cost-efficiencies in Medicaid. OIG should play a major role in informing policymakers along with LFA.
OIG Does Not Review Medicaid Cost Drivers. OIG also does not review healthcare cost-increases to understand what areas are driving federal and state Medicaid costs. Again, we believe this is a value-added activity OIG should perform. Perhaps in part because this data was not available, the Governor in 2021 created the One Utah Health Collaborative to review healthcare cost drivers, which they reported on this year. Although the One Utah Health Collaborative evaluates costs beyond Medicaid (including Medicare and commercial market trends), coordination at the very least between these groups should be occurring.	
	OIG Has Not Coordinated with the Legislature to Provide Timely Medicaid Info. The Legislature often identifies items that need more research prior to enacting legislation. We have not seen any coordinated effort between OIG and the Legislature to provide any additional information on Legislative Interim study items beyond OIG’s typical work in Audit and Program Integrity.

Source: Auditor generated.

In short, other areas exist where the OIG could provide great value to the state but in which its leadership has not acted. We believe the Legislature needs an office that is expert in Medicaid programs, in billing practices, and that is informed in areas where improvement is needed. This office should provide ongoing data and policy guidance to the Legislature to affect good state Medicaid practices.

RECOMMENDATION 1.3

The Office of Inspector General should provide additional value-added analyses by providing cost-efficiency, cost-driver, and other timely Medicaid-related information to the Legislature. This information should be included in its annual report to the Legislature. Doing so will ensure the office is maximizing its expected Medicaid expertise to the State of Utah.

1.2 The OIG Does Not Conduct Annual Planning, Limiting Its Ability to Provide Full Medicaid Coverage

The OIG must improve its annual planning and coverage of Medicaid operations. The office has not done well in evaluating program efficiencies, effectiveness, and outcomes, which has led to poor Medicaid coverage over the



last seven years. The OIG must ensure its limited resources are used to help maximize its Medicaid coverage.

There Are Many Medicaid Areas That Are Not Being Reviewed for Efficiencies, Effectiveness, and Positive Outcomes

In addition to its poor risk assessment, the OIG has not done well in conducting annual planning and reporting. The OIG could benefit from better annual planning found in other states. Without this planning, the OIG has conducted limited performance audits of areas that could have led to improvements in Medicaid program, including the following:

- Division and processes coordination
- Accountable care organization performance and contract compliance
- Major Medicaid-related program activities



Planning and reporting are processes that the OIG have not been effective in, thus the office has not maximized its Medicaid oversight duty.

Two examples within these areas include the Utah Children’s Health Insurance Program (CHIP)¹⁴ and Medicaid’s PRISM claims management system, as noted in Figure 1.4. Our concern is that taxpayers continue to fund Medicaid operations, but program effectiveness and risks cannot be known if OIG is not reviewing areas for improvement.

Figure 1.4 We are Concerned that the OIG is Not Reviewing Areas For Improved Effectiveness and Efficiency, and That Program Risks Are Unknown.

	Gaps in the OIG’s Review of CHIP. CHIP is a major program and an example of an area that the OIG has not reviewed. The OIG should be looking at CHIP’s finances, services, and outcomes. However, the OIG was not even sure they had the authority to audit CHIP. We believe the OIG can do more to perform risk assessment, audit, and coordinate oversight within the program.
Gaps in the OIG’s Review of PRISM. We also note major concerns and risks within the Medicaid billing system which the OIG has not audited. Considering our documented issues, we recommend the OIG provide assurances related to PRISM, evaluating its data accuracy, integrity, reliability, and usefulness.	

Source: Auditor generated.

¹⁴ The OIG stated that some CHIP funds come from outside Medicaid funding sources and therefore some CHIP expenses may be external to the office’s oversight. However, we have not seen efforts by the office to evaluate CHIP or coordinate program oversight. We conclude the OIG can do more to perform risk assessment, audit, and coordinate oversight within this program.



Improved annual planning combined with risk assessment processes can help the OIG identify those areas that most need audit coverage.

We also found instances where the OIG stated they performed an audit in an area they later learned DHHS' Office of Internal Audit had also performed work. This illustrates a potential area where the OIG could better work within Utah's Medicaid environment to ensure efficient Medicaid coverage with limited resources.

The OIG Does Not Report How It Is Fulfilling Its Annual Plan

Other states not only engage in regular annual planning but also publish their progress toward these plans. Texas and New York both regularly report their progress. Both states publicly report each quarter where they are performing work within their Medicaid programs, which work fulfills their annual plan. These reports typically include granular data on audit activities with quarterly totals, audits initiated, audits finalized, audit findings, and audit recoveries. This consistent and detailed reporting provides a clear roadmap of their efforts to cover each state's Medicaid program. We believe this level of transparency also enhances legislative oversight of not only the OIG but also the entire Medicaid program.

We believe the OIG's poor annual planning has contributed to an inefficient allocation of audit resources and reduced coverage of the Medicaid program. As a result, the OIG's efforts have been reactive rather than strategically focused. This is another area for which OLAG identified the need for change in 2018, and OIG's inaction has further negated any efficiencies that could have been achieved had these recommendations been implemented seven years ago.



The OIG has not been strategic in its work; negating efficiencies it could have achieved had the office implemented our recommendations seven years ago.

RECOMMENDATION 1.4

The Office of Inspector General conduct annual planning, considering broad coverage of Medicaid operations. The office should regularly report to the Legislature on its progress toward its annual work plan, including details on audit activities, audits initiated and finalized, and audit findings. Doing so will ensure the office is focused on demonstrating broad coverage and accountability for the entire Medicaid program.



1.3 The OIG Has Provided Insufficient Oversight of Accountable Care Organizations, In Which Other States Have Found Concerning Practices

The OIG has failed, once again, to provide adequate oversight of accountable care organizations (ACOs).¹⁵ Utah's ACOs manage \$1.4 Billion, or 28 percent, of Utah's Medicaid expenditures. The OIG's lack of ACO performance audits is an example of gaps in Medicaid oversight and the office's failure to holistically assess and prioritize Medicaid risks.

Other state Offices of Inspector General have audited their ACOs and have found significant non-compliance with contracts and identified millions in costs owed to the state. Having identified this in our 2018 audit, we believe the OIG's inaction to be a failure in leadership prioritization.

Despite Possessing Similar Audit Authority, Utah Has Not Audited ACOs as Other States Have

Utah Code and Medicaid ACO contracts grant the OIG the authority to conduct performance and financial audits of these entities.

Utah Code 63A-13-202

"(2) (a) The office may, in fulfilling the duties under Subsection (1), conduct a performance or financial audit of:

(ii) Medicaid funds received by a person by a grant from, or under contract with, a state executive branch entity or a local government entity."

Despite this clear mandate, the OIG has only performed a single performance audit of these entities since 2018. This demonstrates an area where the OIG is not performing all of the services for which the taxpayers have been providing funding. We believe this inaction can foster an environment of poor accountability among providers and contractors. It's worth noting that the OIG's Program Integrity (PI) function reviews and recovers Medicaid claims, and its Audit function



While New York and Texas act on their authority to perform audits of their managed care entities, the OIG has only performed one audit of ACOs since 2018.



The OIG's lack of ACO performance audits is an example of gaps in Medicaid oversight and the office's failure to assess and prioritize Medicaid risks.

¹⁵ Managed care refers to a healthcare insurance approach that integrates healthcare financing and the delivery of care and related services to keep the costs to the purchaser at a minimum while delivering what is appropriate for a given patient or population. In Utah, the managed care system that performs physical health care services is known as an accountable care organization.

checks ACO claims data against Medicaid policy. However, this does not replace the OIG's responsibility for performance oversight. This lack of performance auditing creates a significant gap that applies to ACO processes, effectiveness, and efficiencies.

Other states with comparable audit authority, such as Texas and New York, routinely conduct performance audits of their ACOs. Texas and New York are different than Utah in Medicaid expenses and enrollment; however, we used them for comparison because they have similar audit authority and provide more proactive oversight. This encourages accountability and efficient use of Medicaid funds. These states' audits show the impact of additional external oversight that the OIG could be providing. For example:



A New York OIG audit identified six instances where an ACO failed to meet its contractual program integrity obligations, resulting in a \$1.3 Million financial consequence to be recovered by the New York Department of Health.

A Texas OIG audit identified more than \$600,000 of unallowable or unsupported costs reported by an ACO. In response, the ACO agreed to pay back the funds and implement internal control improvements.



These findings from other states demonstrate the importance of OIG oversight, as ACOs lack the same independence as the OIG.

Utah's OIG Has Not Consistently Conducted Performance Audits of ACOs

Prior state¹⁶ and federal¹⁷ audits have identified significant risks within Utah Medicaid ACOs, each time highlighting the need for greater oversight. In our 2018 audit, we identified several areas requiring improvement in the OIG's operations and oversight, including the following:

- The OIG's neglect of oversight for ACOs
- Deficiencies in the OIG's processes, especially performance audits of ACOs

¹⁶ *A Performance Audit of the Utah Office of the Inspector General of Medicaid Services*. (Report #2018–03). https://pf.utleg.gov/olag/reports/audits/2018/2018-03/36c9d9ff-d413-45ee-916e-c3a97949012c/2018-03_RPT.pdf

¹⁷ Centers for Medicare & Medicaid Services' June 2017 *Utah Focused Program Integrity Review* and June 2022 *Utah Focused Program Integrity Review*



Specifically, the OIG had only performed a single performance audit in the six years preceding the 2018 audit. We recommended the OIG perform more. We consider this recommendation to be unimplemented (discussed more in Chapter 2).

During this audit, the OIG reported it was regularly coordinating with ACOs. However, ACO coordination is not a replacement for complete oversight. We believe this lack of responsiveness to prior recommendations is a symptom of the OIG's failure to address "broader issues of governance and oversight" and stems from a lack of proactive strategic direction from OIG leadership.



The office reports good coordination with ACOs. However, coordination is not a replacement for oversight.

RECOMMENDATION 1.5

The Office of Inspector General provide improved oversight of Accountable Care Organizations. We recommend the office perform ongoing risk assessment and regular auditing of these organizations. Doing so will ensure the office fulfills its mandate by helping these organizations improve.

1.4 The OIG Does Not Publicly Report Medicaid Recommendations as Directed in Utah Code

In addition to poor oversight, the OIG has not been effective at getting Medicaid to implement many of its recommendations. Many of the OIG's recommendations to Medicaid have gone unimplemented or have been delayed. Unimplemented recommendations can be an inefficient use of taxpayer dollars. Also, *Utah Code* requires the OIG report audits and findings, which we believe the office can do more effectively. The OIG should regularly report its audit findings in its annual reports for improved office transparency and to inform policy.

We reviewed all the recommendations the OIG made to Medicaid since our last audit of the OIG in 2018.

OIG Recommendations Since 2018

- 21 recommendations to Medicaid were closed and not implemented
- The average time for currently unresolved recommendations is 553 days



We acknowledge there may be some circumstantial reasons why some recommendations have been delayed. However, between 2021 and 2023 the OIG has taken over one year on average to complete their audits (an average of 18 months in 2023). Therefore, if the OIG spends 18 months on an audit and later the recommendations are closed and not implemented or significantly delayed, we conclude there are inefficiencies in the process between the OIG and Medicaid that must be addressed.

We believe this is an opportunity for the OIG to improve its recommendation quality. We found instances where the OIG made recommendations that Medicaid explained were not needed. While we did not have time to independently assess these recommendations, our 2018 audit recommended stronger risk assessment processes, which we do not believe have occurred.



Utah Code requires the OIG to report audits and findings, but the office has not done so.

Further, one of the primary objectives in the OIG's current (2024–2029) strategic plan is to “improve the quality and quantity of recommendations for Medicaid improvement made to the Single State Agency, applicable State Legislative Committees, and the Governor's Office.” We concur that it is the OIG's responsibility to improve recommendation quality.

The Legislature gave the OIG authority in *Utah Code* to make recommendations directly to the Legislature and Governor, but the OIG reports it has never done so. Statute also requires the OIG to report audits and findings, which the office has done, in part. For example, the OIG has historically shared its audits with the chairs of Legislative Committees and the Governor, but the OIG is not reporting its audited areas, audit titles, or recommendations in any of its recent annual reports. The OIG can improve recommendation implementation and transparency by reporting the status of recommendations to the Legislature annually.

Texas' OIG regularly reports to the Legislature and to the public what recommendations it makes to its Medicaid program, and the federal Department of Health and Human Services has a public recommendation tracker. We recommend OIG publicly report its audit recommendations to Medicaid in its annual report and in its annual update to the Legislature. We believe this public disclosure would 1) strengthen OIG Audit's recommendation quality and 2) place pressure on Medicaid to address the OIG's recommendations in a timely manner.



RECOMMENDATION 1.6

The Office of Inspector General publicly report its audit recommendations to Medicaid in its annual report and in its annual update to the Legislature. Doing so will improve recommendation quality and promote Medicaid accountability.

In conclusion, the Legislature created the OIG to provide Medicaid oversight and statewide expertise. The OIG has not fulfilled its mandate, and its leadership has been unwilling to act on its full authority to improve its value to the state. While we make recommendations to improve the state-designated entity over Medicaid, we also provide the Legislature broader structural recommendations, which will be discussed in Chapter 3 of this report.

CHAPTER 2 Summary

The Office of Inspector General Lacks Sufficient Governance, Leadership, and a Positive Culture



BACKGROUND

The Office of Inspector General's (OIG) internal processes, management, and accountability are lacking. This chapter reports on concerns that the OIG did not act to improve the office's effectiveness, efficiency, and performance. Also, the OIG's reporting is marred by inaccuracies, inconsistencies, and a lack of transparency that must be addressed.

FINDING 2.1 The OIG Has Failed to Improve Its Office Governance and Impact

NO RECOMMENDATIONS

FINDING 2.2 The OIG Has Inconsistent Performance Practices and Some Low Performance Outcomes

RECOMMENDATION 2.1

Program Integrity should conduct a formal analysis of the factors contributing to its inconsistent and, at times, negative return on investment (ROI). Following this analysis, Program Integrity must develop and implement a detailed action plan to enhance its efforts. Proper analysis, planning, and action should increase financial recoveries, ROI, and the office's overall value.

RECOMMENDATION 2.2

Program Integrity and Audit should formalize and apply best practices for evaluating performance, including individual personnel performance, to ensure that personnel are held accountable to specific, measurable standards. The OIG should develop a comprehensive performance management policy that links performance to specific, quantifiable goals, which will, in turn, lead to more efficient operations and improve overall program effectiveness.

FINDING 2.3 Certain Elements of the OIG's External Reporting Have Lacked Accuracy and Transparency

RECOMMENDATION 2.3

The Audit and Program Integrity functions should formalize and consistently implement its external reporting processes, ensuring all statutory requirements are met, and that reported metrics are accurate, complete, and presented with transparent and consistent methodologies.

RECOMMENDATION 2.4

The Audit and Program Integrity functions should prioritize and actively maintain their external reporting, ensuring information is current, resources are updated, and mechanisms for public input are accessible.

RECOMMENDATION 2.5

Program Integrity should reconsider the usefulness of the cost avoidance metric. If it chooses to continue, the methodology must be formally documented, published on the OIG's website, and include a clear, justifiable basis for the projection period. All annual reports should clearly detail the calculations and assumptions used to arrive at the final cost avoidance figure, thereby providing an accurate and transparent representation of cost avoidance.

FINDING 2.4 The OIG Has Operated Under a Limited Oversight Structure

NO RECOMMENDATION



CONCLUSION

While the OIG has significant potential to protect public funds, its current structure, leadership, and operational deficiencies prevent it from fulfilling its mandate.





Chapter 2

The OIG Lacks Sufficient Governance, Leadership, and a Positive Culture

In addition to the Office of Inspector General's (OIG or office) poor oversight of Medicaid, the office's internal processes, management, and accountability are also lacking. This chapter reports on three additional concerns:

- First, The OIG Has a Lack of Foundational Governance and Impact. We highlight four recommendations we gave OIG in 2018 to help improve their internal governance and impact. However, the OIG did not implement those recommendations and the problems in 2018 have worsened. The office also did not act on many of its own strategic plan's objectives.
- Second, The OIG's Return on Investment Has Been Inconsistent and, At Times, Negative. The OIG tracks Program Integrity's (PI) performance but does not evaluate the Audit function's performance well.
- Third, The OIG Lacks Accountability and Transparency. This has resulted in an incorrect and incomplete picture of the office, its activities, and outcomes.

We believe major changes are needed. In this chapter we make several recommendations for the OIG as the Legislature's designated entity to provide Medicaid oversight. However, in addition to these recommendations, Chapter 3 focuses on more significant structural changes for the Legislature to consider.

2.1 The OIG Has Failed to Improve Its Office Governance and Impact

By the nature of their work, offices of inspector general are held to a high standard for their use of public resources. Because OIGs often identify and describe wasteful use of public resources, we are concerned to see that the OIG itself is not efficient and therefore wasteful in its use of public funds. Also, the OIG did not maintain or implement many of the strategic priorities it identified in 2017 to add value to the state. We believe this to be the result of ineffective office leadership and in this chapter recommend changes to address these issues.



As an office set up to identify wasteful practices, we are concerned the OIG itself is not efficient and does not exemplify a culture of improvement.



The OIG Continues to Struggle to be Effective and Efficient; Past Audit Recommendations Addressing This Were Not Implemented

In 2018 OLAG made recommendations to improve the OIG’s effectiveness, efficiency, and oversight. However, the OIG’s leadership has not acted upon these recommendations and consequently has not improved its effectiveness and efficiency as shown in Figure 2.1.

Figure 2.1 The OIG Did Not Act to Improve Office Effectiveness and Value By Implementing OLAG Recommendations Over the Last Seven Years. This figure summarizes recommendations, responses, and recent findings where the office could have improved, but did not do so.

2018 OLAG Recommendation 	2018 OIG Response 	2025 Update 
The OIG conduct annual planning and risk assessment to identify best uses of audit resources.	Agree. The OIG will create a committee to conduct annual planning and risk assessment.	The OIG does not have formal audit plans and while the committee was created, it does not conduct holistic risk reviews of Medicaid (see Chapter 1).
The OIG base cost avoidance and other measures on quantifiable, repeatable, methodologies.	Agree. The OIG will create 8-10 measures and report them on the website for the Legislature and public.	The OIG is inconsistent in cost avoidance methodology (discussed later in this chapter). We could not document additional measures, and the OIG has no public dashboard.
The OIG track PI claims reviews, conduct reviews of ACO claims, and review a sample of ACOs’ program integrity reviews	Agree. The OIG will begin tracking these reviews and create a distinct metric. The OIG will create a tool requiring ACOs to report back on specific info.	ACOs report that the OIG has not audited them. The OIG’s lack of oversight of ACOs is covered in Chapter 1.
The OIG and DOH conduct efficiency reviews of ACOs.	Agree. The OIG is completing some reviews currently.	We saw no evidence that these reviews have occurred. ACO oversight is covered in Chapter 1.

Source: Report 2018-03 A Performance Audit of the Office of Inspector General, OIG’s Response to the Audit, and findings from this report.

The Inspector General’s 2018 response to the audit indicated the office’s agreement with each of the above recommendations. However, today we find these remain largely unimplemented. We believe this points to a failure in leadership to establish an office that acts effectively on its mandate or to produce a culture for continuing office improvement. This inaction leaves the State of Utah open to potential risk and further negates efficiencies that could have been achieved had these recommendations been implemented seven years ago.

The OIG Did Not Achieve Several of its Key Strategic Objectives

The OIG also made limited progress toward the objectives in its 2017 strategic plan. Specifically, two of four main objectives went largely unachieved as illustrated in Figure 2.2.

Figure 2.2 The OIG Failed to Make Progress Toward Two of Its Four Major 2017-2023 Objectives. Leadership at OIG has not been effective in moving its strategy forward.

Two OIG Strategic Plan Objectives	Fulfilled (Yes / No)	2025 Update 
Objective 3: Improve Stakeholder Relations		
"Launch a new website"	No	The OIG does not appear to use or update its website. This is discussed in greater detail in Figure 2.7.
"Create a social media plan"	No	The OIG has not utilized its social media since 2018.
"Rewrite and publish the administrative rules"	Yes	Admin rules were updated with a Notice of Continuation in May 2023.
Objective 4: Incorporate New Methods for Identifying FWA in the Medicaid System		
"Publish a one-year audit plan"	No	The OIG could not document any audit plans.
"Create a one-year plan for reviewing specific provider types"	No	The OIG has only published this one-year plan to review specific provider types in 2017 and 2018.
"Develop a KPI dashboard"	No	While the OIG has a KPI dashboard in excel format, it is not published for public use as mentioned in Figure 2.1.
"Develop a contract oversight program"	No	The OIG performed some review of contracts, but we could not document that this was in fulfillment of a formalized program.

Source: Audit Findings of The Office of Inspector General of Medicaid Service's 2017 Strategic Plan. This was the office's main plan until the adoption of the 2024-2029 strategic plan.

OIG standards suggest that an OIG should have a strategic plan with objectives, strategies, and performance measures "against which it expects to be held accountable." Standards further state that "goals and objectives, no matter how



carefully developed, are of little value unless progress toward meeting them is evaluated.”¹⁸



The OIG leadership has not made meaningful changes identified in OLAG recommendations and its own strategic objectives.

Organizational leadership is accountable for the fulfillment of strategic objectives. We conclude that the OIG has lacked leadership to address meaningful change and improvement that can be found in both OLAG recommendations and its own strategic objectives. We outline other concerns with the office’s poor oversight of Medicaid and ACOs in Chapter 1.

2.2 The OIG Has Inconsistent Performance Practices and Some Low Performance Outcomes

The OIG has lacked transparent performance practices, has provided inaccurate reporting, and its overall performance has not consistently been positive. For example, a deeper look reveals its return on investment (ROI)¹⁹ is inconsistent and, at times, negative. Additionally, its cost avoidance has been inflated. We believe inconsistent internal practices have limited the office’s impact.

Utah OIG’s Return on Investment to the State Has Been Inconsistent and, At Times, Negative

The OIG’s return on investment (ROI) has not consistently been positive. We worked with the Legislative Fiscal Analyst to evaluate the OIG’s key performance indicator (KPI) of ROI from recoveries. A negative ROI is reflective of less money being returned to the state than it funded. In five of the past nine years, OIG has had a negative ROI and returned less than \$1 to the state for every \$1 the state has funded it. Its average ROI to the state since 2016 is just above positive, returning \$1.10 for every \$1 invested.²⁰ The results show fluctuation without consistent improvement, as illustrated in Figure 2.3. This demonstrates that despite continued investment, the OIG’s return on investment to the state has not consistently been positive.²¹

¹⁸ *Principles and Standards for Offices of Inspector General* (2024), page 17.

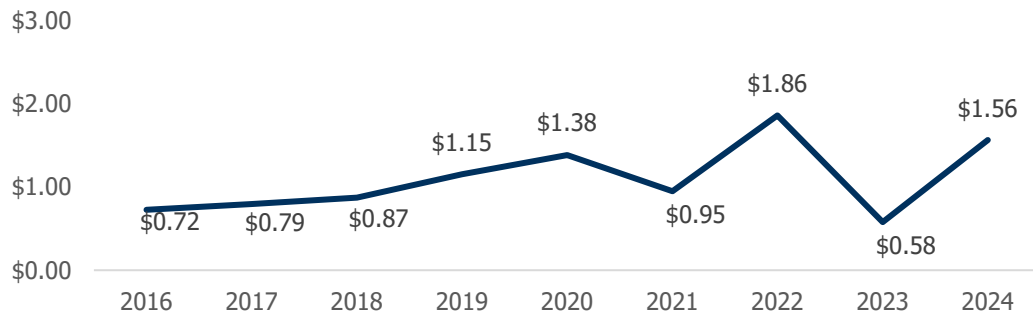
¹⁹ To calculate ROI, we use the formula: actual recovery amount/expenditures. Program Integrity’s work often identifies and recoups recoveries which are Medicaid funds that were fraudulently or improperly used. The goal is to ensure proper use of Medicaid funds.

²⁰ We used data from the Legislative Fiscal Analyst which were actual cash deposits for the fiscal year. The OIG’s reported numbers differ, reflecting what the office identified in recoveries but may not have collected for a given period of time.

²¹ These results are notable, considering the Legislature’s Social Services Committee in 2020 directed the OIG to begin recovering inappropriate payments in managed care organizations after one year. Previously, managed care organizations could report and keep recoveries for up to three years after a claim was incorrectly paid. We would expect with this policy change that OIG’s reported recoveries would have increased in this period.

Figure 2.3 The OIG's Return on Investment Has Not Consistently Been Positive.

The OIG's average ROI since 2016 is \$1.10, meaning \$1.10 is returned for every \$1 invested by the state. In five of the past nine years, OIG has returned less than \$1 to the state for every \$1 the state invested.



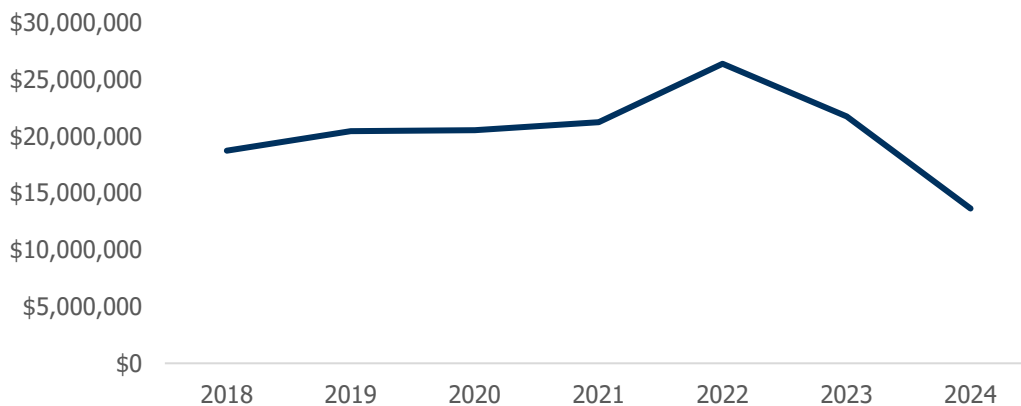
Source: Auditor analysis of data provided by the Legislative Fiscal Analyst.

The OIG has reported cost avoidance as a KPI using its current methodology since 2018.²² The trend for this metric also has not been consistent or increasing most years. In Figure 2.4, the trend is slightly decreasing, with the past two years showing a notable drop in cost avoidance. We will raise issues with their cost avoidance methodology in the following section.



Some office performance outcomes, such as ROI and cost avoidance have not increased over the last few years.

Figure 2.4 The OIG's Cost Avoidance Is Decreasing. The overall trend of cost avoidance (since the OIG operationalized its current methodology in 2018) is not increasing.



Source: Auditor analysis of data provided by the OIG.

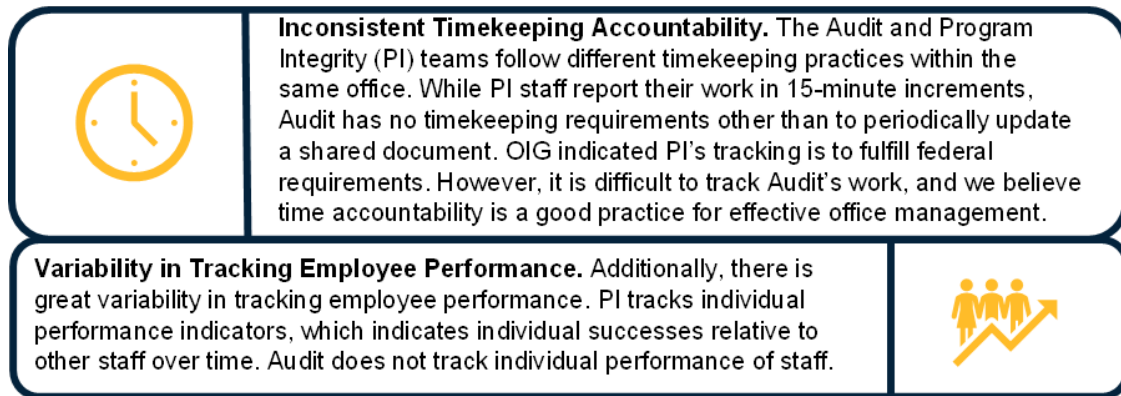
²² The OIG calculates cost avoidance by “observing trends prior to a project and then again after completion of the project. To determine cost avoidance, the office compares the average difference in billing behavior and projects the associated savings over five years.” New York and Texas do not report cost avoidance using the same methodology as Utah, and both the Texas and New York OIGs stated that they have not and do not plan to report cost avoidance as a Key Performance Indicator (KPI) in their annual reports.



Some OIG Internal Performance Practices Are Also a Concern

Beyond external reporting, OIG management has inconsistent performance practices for tracking employee performance and time, as shown in Figure 2.5.

Figure 2.5 OIG Is Not Consistent in Its Internal Time Accountability and Performance Tracking.



Source: Auditor generated.

We believe this lack of standardized procedures has led to varying accountability and may have contributed to inconsistent performance.

RECOMMENDATION 2.1

Program Integrity should conduct a formal analysis of the factors contributing to its inconsistent and, at times, negative return on investment (ROI). Following this analysis, Program Integrity must develop and implement a detailed action plan to enhance its efforts. Proper analysis, planning, and action should increase financial recoveries, ROI, and the office's overall value.

RECOMMENDATION 2.2

Program Integrity and Audit should formalize and apply best practices for evaluating performance, including individual personnel performance, to ensure that personnel are held accountable to specific, measurable standards. The OIG should develop a comprehensive performance management policy that links performance to specific, quantifiable goals, which will, in turn, lead to more efficient operations and improve overall program effectiveness.



2.3 Certain Elements of the OIG’s External Reporting Have Lacked Accuracy and Transparency

Elements of the OIG’s reporting have not been fully accurate or transparent. We found major inconsistencies, errors, and omissions in its annual reports. The nature and number of these errors are concerning.

Consequently, these systemic issues hinder effective reporting, diminish public trust, and limit independent accountability. Poor management and a limited governance structure caused this lack of accountability. The OIG’s reporting practices should be made consistent and transparent. Its public-facing communications must be actively maintained.



We found major inconsistencies, errors, and omissions in the OIG’s annual reports, hindering external oversight and transparency.

The OIG’s External Reporting Could Provide More Value

Elements of the OIG’s annual reporting have been inconsistent and inaccurate, hindering external oversight and transparency. We identified four key areas of concern:

Inaccurate and Misleading Data in OIG Annual Reports. Our audit identified multiple instances of inconsistent and inaccurate data within the OIG’s annual reports. As shown in Figure 2.6, the OIG’s annual reports contain the following inaccurate data, and these issues undermine the OIG’s reliability.

Figure 2.6 Examples of Inaccurate and Misleading Data in OIG Annual Reports.

	Identical Data Across Years. Data for six specific fields—including number of medical records requested and received, number of data pulls conducted, number of Notices of Recovery sent, and number of referrals to the Department of Workforce Services—were identical for both 2020 and 2021. This suggests a lack of diligence in data reporting, and it raises serious concerns about the integrity of OIG’s operational metrics.
Math Errors. The number of referrals to other agencies did not add up to the total the OIG reported. The office claimed 62 referrals, but we could not verify the actual numbers because of errors in the OIG’s calculation or lacking transparency in its reporting. This may have inflated their reported activities by over 80 percent.	
	Changes in Reported Numbers without Explanation. We identified discrepancies of \$2.7 million in recovery figures for SFY2020 when comparing the 2020 and 2022 OIG Annual Reports. The 2020 Annual Report initially stated recoveries were \$9.56 Million, but the 2022 Annual Report retroactively listed the 2020 recoveries at \$6.86 Million with no explanation. This unaccounted-for decrease significantly impacts the reported savings for that fiscal year.

Source: Auditor generated.



Inconsistent and Incomplete Reporting in Annual Reports. In 2020, the OIG stopped reporting expenditures. This is essential for oversight and validation of its reported ROI. In 2022, the OIG stopped reporting the number of database queries and results. This reporting is required by statute.

Inflated Cost Avoidance Due to Inconsistent Methodology. Based on the guidance that is shared in their reporting, the OIG's cost avoidance methodology is inconsistently applied and lacks transparency. The methodology has shifted without adequate explanation, deviating from guidance published on the OIG's website. Initial guidance prescribed three years of projected savings, but recent annual reports state five years of projected savings as the rule without explaining the change. We found the OIG in practice has claimed up to nine years of cost



The OIG reported the same outcomes between two years and inflated its successes by not following its office methodology.

avoidance for a single case. Further, we identified nine cases since 2018 where the OIG has claimed more than five years of cost avoidance, violating their own published methodology.²³ The total value of these claims exceeded \$23 Million, vastly inflating reported cost avoidance. The magnitude of this issue is significant: the \$23 Million in inflated claims is greater than the OIG's total reported cost avoidance

for four of the past five years. This lack of transparency and consistency diminishes the credibility of the OIG's financial reporting.

Outdated Public-Facing Website and Neglected Stakeholder Engagement. The OIG has failed to maintain its website and social media. This was a priority in their 2017 strategic plan. The plan included activities such as launching a new website and creating a social media plan. This neglect results in outdated information and impacts the OIG's ability to serve as a reliable resource. This undermines its own strategic priorities. Figure 2.7 lists some of our concerns about the OIG not updating its website.

²³ In one annual report, the OIG stated that they may extend cost avoidance projections if they deem an investigation to be ongoing. However, this caveat has not been mentioned in any OIG annual report or explanation of cost avoidance methodology since 2019. We find the OIG's reporting lacks transparency, and its methodology lacks standardization.



Figure 2.7 The OIG Does Not Adequately Maintain Its Website, Potentially Impacting Legislative, Public, and Provider Assessment of the Office.

Outdated Elements of OIG's Reporting	Issue
Annual Report	The 2024 Annual Report, required to be submitted to the Legislature in November 2024, was not posted on the OIG's website until June 2025.
Strategic Plan	The website contains one strategic plan, an outdated FY2017 version, despite the office operating under a plan drafted in 2024.
Training Materials for Providers	Training materials for providers have not been updated on the website since August 2021, potentially providing outdated guidance.
News Blog	The 'News' section on the website has only two posts since 2020, raising questions about whether providers or the public even consider using the OIG's website as a resource.

Source: The OIG's website.

An ACO recently reported that it could not find updated information on the OIG's website. This array of deficiencies suggests that OIG leadership is not prioritizing reporting.²⁴ An outdated website leaves stakeholders without a reliable resource for OIG activities or updated guidance and training. We believe a minor increase in effort could yield significant improvements. The absence of such consistent reporting raises significant concerns about the OIG's commitment to transparency, resulting in a need for stronger accountability structures.



The absence of accurate reporting raises concerns about OIG's commitment to transparency and accountability.

RECOMMENDATION 2.3

The Audit and Program Integrity functions formalize and consistently implement its external reporting processes, ensuring all statutory requirements are met, and that reported metrics are accurate, complete, and presented with transparent and consistent methodologies.

²⁴ Although not an outdated element on the website, we also found the process for reporting fraud through OIG's website requires a Gmail login. This eliminates full anonymity and may deter individuals from submitting legitimate tips, potentially limiting the volume and quality of fraud reports the OIG receives.



RECOMMENDATION 2.4

The Audit and Program Integrity functions should prioritize and actively maintain their external reporting, ensuring information is current, resources are updated, and mechanisms for public input (e.g., fraud reporting) are accessible.

RECOMMENDATION 2.5

Program Integrity should reconsider the usefulness of the cost avoidance metric. If it chooses to continue, the methodology must be formally documented, published on the OIG's website, and include a clear, justifiable basis for the projection period. All annual reports should clearly detail the calculations and assumptions used to arrive at the final cost avoidance figure, thereby providing an accurate and transparent representation of cost avoidance.

2.4 The OIG Has Operated Under A Limited Oversight Structure

The OIG's reporting structure to external oversight bodies limits independent accountability. The office has not been set up to report to a board and has had no accountability outside of its annual reporting. *Utah Code* 63A-13-502 mandates annual reports are submitted to the Legislature and Governor, which the OIG has satisfied. This is the OIG's only form of accountability. In practice the OIG does not regularly present program outcomes or recommendations. We are concerned that the current reporting structure has contributed to weaknesses in the OIG's overall impact.

Utah Code 63A-13-502

The inspector general of Medicaid services shall, on an annual basis, prepare an electronic report on the activities of the office for the preceding fiscal year.

On or before November 1 of each year, the inspector general of Medicaid services shall provide the electronic report described in Subsection (1) to the Infrastructure and General Government Appropriations Subcommittee of the Legislature and to the governor.

There is also no formal process to evaluate the OIG's overall performance or its key performance indicators (KPIs). This diminishes the impact of its work. The Inspector General position does not receive a formal or informal performance



evaluation. The absence of regular performance reviews for the agency contributes to a lack of meaningful accountability and performance improvement.

In contrast to Utah, other state OIGs, including Arizona, Texas, and New York, have robust external reporting practices. Some states make annual in-person presentations to their legislatures. Reporting practices also include publishing regular quarterly updates or data dashboards. Quarterly reports are submitted to legislative subcommittees. Texas and New York publish comprehensive quarterly reports. These reports provide detailed updates on their audit activities. This provides a level of transparency that enhances oversight and stakeholder communication. This consistent reporting allows stakeholders to track progress and assess the impact of their work.²⁵

Our review of the OIG's internal processes and outcomes reveals a persistent pattern of ineffectiveness and a lack of accountability. The office has failed to implement some of our previous recommendations from 2018, as well as its own strategic objectives, indicating a fundamental problem with leadership and internal management. This inaction has led to questionable performance.

Elements of the OIG's external reporting are marred by inaccuracies, inconsistencies, and a lack of transparency, as evidenced by errors in its annual reports and a cost avoidance methodology that inflates its financial impact. This makes it unrealistic for stakeholders to accurately assess the office's performance. The absence of a robust external oversight structure, formal performance evaluation, and a proactive culture further compounds these issues. While the OIG has significant potential to protect public funds, its current structure, leadership, and operational deficiencies prevent it from fulfilling its mandate.



Because of ineffective internal processes and a lack of accountability, the office requires stronger oversight.

²⁵ In fact, Texas's office explained to us that it is because of their demonstrated work that their Legislative support and resources have increased over time.



CHAPTER 3 Summary

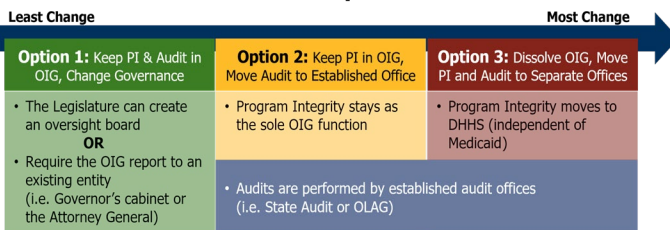
The Legislature Should Consider Policy Options to Improve Accountability of The Office of Inspector General



BACKGROUND

The Office of Inspector General has failed to improve in many key areas since the Legislature created it in 2011. This chapter makes recommendations for improvements in the OIG's governance, structure, placement, and accountability, as well as individual options for the Program Integrity and Audit functions.

Menu of Options



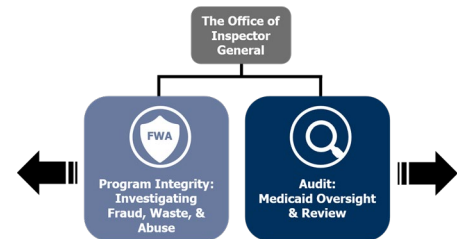
RECOMMENDATION 3.1

The Legislature should consider a menu of options to improve the governance, accountability, and effectiveness of the Office of Inspector General. Doing so will strengthen the Medicaid performance and outcomes and maximize taxpayer funding within the Medicaid program.

Policy Option 1: Change the Oversight Structure of the Office of Inspector General

Policy Option 2: Keep Program Integrity in the OIG, Rely on Established Audit Offices to Review Medicaid

Policy Option 3: Dismantle the OIG and Relocate the Program Integrity and Audit Functions



CONCLUSION

The Legislature can consider a variety of governance models found in other states for improved accountability and oversight. It is important for each function to have the highest level of independence possible to maximize the effectiveness of its work.

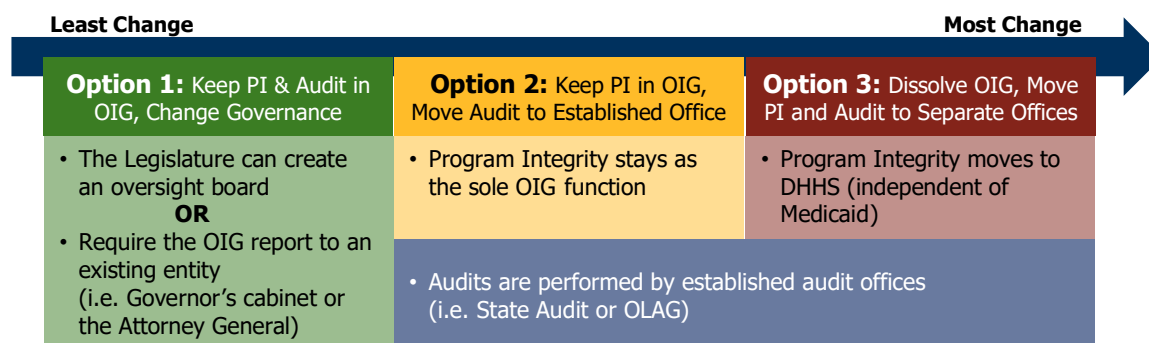


Chapter 3

The Legislature Should Consider Policy Options to Improve Accountability of The Office of Inspector General

As outlined in the previous two chapters, the OIG has failed to improve in many key areas since the Legislature created it in 2011. The office has recovered instances of fraud, waste, and abuse (FWA) through their Program Integrity function and has improved some Medicaid processes through their Audit function. However, as demonstrated in the preceding chapters, we believe that additional improvements are needed for the OIG to reach its full potential. Moving forward we believe structural changes are needed for improved accountability. This chapter makes recommendations for improvements in the OIG's governance, structure, placement, and accountability, as well as options for the Program Integrity and Audit functions. Our recommendations are based on governance models found in other states. There may be other options not listed here that the Legislature may also want to consider.

Menu of Options



Policy Option 1: Change the Oversight Structure for The Office of Inspector General

In our 2018 audit we suggested an accountability component to ensure that the duties of the office were being performed. The findings in this report outline the ways in which the office is not operating accountably, efficiently, or effectively. Therefore, we recommend OIG be placed under a different governance structure.

The Legislature Could Create an Oversight Board. The Legislature in *Utah Code* created the OIG as an independent entity and housed the office within the Department of Health and Human Services (DHHS). However, statute makes it clear that the OIG is “not under the supervision of, and does not take direction

from, the executive director [of DHHS] except for administrative purposes.” Because the OIG has operated under a limited oversight structure and has had limited accountability, the Legislature could consider governance models like those of other independent entities within the state.

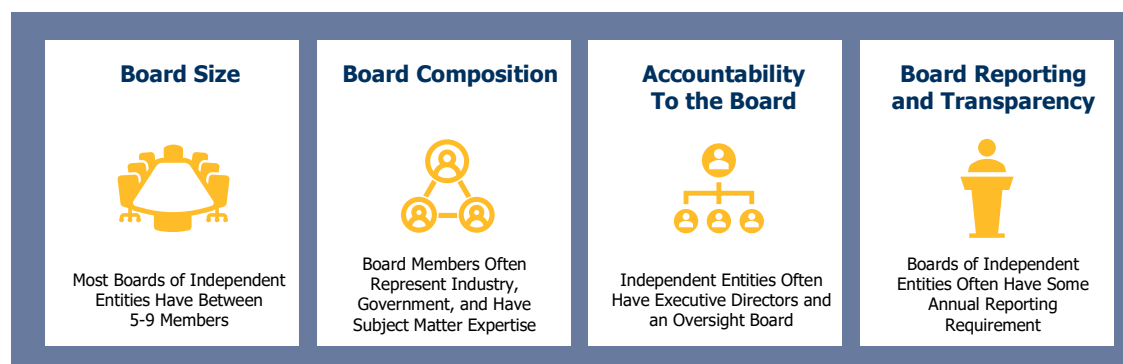


The Legislature could consider creating an oversight body for the OIG, which it did previously with the Utah Transit Authority.

For example, we reviewed 13 independent entities within the state, all of which have a legislatively required board. Since its inception in 2011, the OIG has not been set up to report to a commission, council, or board.

The Legislature could consider creating an oversight body for the OIG that has governance features of other independent entities, shown in Figure 3.1.

Figure 3.1 The Legislature Could Consider Strengthening OIG Accountability by Creating a Board Similar to Other In-State Independent Entities.



Source: Auditor generated.

The Legislature has changed the governance structure of state entities before. During the 2018 General Session, the Legislature revised the board structure of the Utah Transit Authority (UTA). Through SB136, they specified that the appointment of trustees is to be made by the governor with the advice and consent of the Senate.²⁶ SB136 also outlined the powers and duties of UTA’s board members.

The Legislature Could Require the OIG Report to an Existing Entity. We identified 20 states with an office of inspector general over Medicaid or social services. Within the 20 identified, we reviewed 14 states’ structures. Figure 3.2 illustrates other structural reporting models that the Legislature can consider.

²⁶ Senate Bill 136, 2018 General Session.

Figure 3.2 There Are a Variety of Other Reporting Structures for Offices of Inspector General Found in Other States.*



Source: Auditor generated.

*The Louisiana Legislative Auditor performs Medicaid audits for the state, and its program integrity is housed within the Louisiana Department of Health. The state does not have an office of inspector general over Medicaid. Although not included in the count, Nebraska also does not have an inspector general for Medicaid, but its Legislative Oversight body oversees inspector generals for Corrections and Child Welfare and not Medicaid. We believe this is a model worth noting.

As illustrated above, other states have different governance models that may improve the OIG's accountability. The Legislature could consider a variety of options, including requiring the OIG to report to a governor-cabinet level position (as is done in Florida) or the Attorney General's Office (as is done in Kansas). Utah's Attorney General houses the Medicaid Fraud Control Unit (MFCU), which unit is federally required to be "...a single, identifiable entity of the State government."²⁷ In Kansas, both the OIG and MFCU operate under the Attorney General's Office. The Legislature can also consider utilizing the oversight of DHHS and the Department of Workforce Services.



The Legislature could also require the office report to an existing state agency, with a variety of options found in other states.

We recommend the Legislature consider a new oversight board or an existing state agency for the OIG. Regardless of the method chosen, we believe an improved oversight structure will help address many of the concerning issues highlighted in this report.

Policy Option 2: Keep Program Integrity In the OIG, Rely on Established Audit Offices to Review Medicaid

The Legislature could also choose to keep Program Integrity as the sole, independent function of the OIG and move Audit separately to an established audit function. The OIG's accountability issues may persist under the current limited oversight model. Therefore, in deciding whether to keep Program



²⁷ Code of Federal Requirements Title 42, Chapter V, Part 1007, Subpart B, §1007.5.

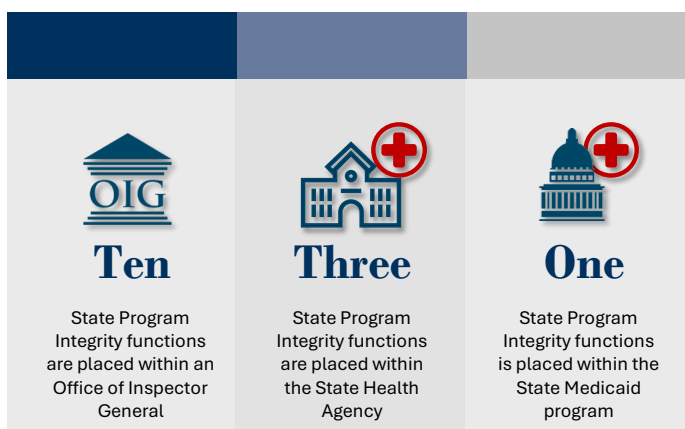
Integrity in the OIG, the Legislature should consider this option in tandem with the stronger oversight board discussed in Option 1.



Program integrity could remain the sole function of the OIG. This function is most effective when independent from outside influence.

Considering various placement options, Program Integrity operates more effectively when it is an independent function. As illustrated below in Figure 3.3, 10 other states maintain Program Integrity independence by placing it in an office of inspector general.

Figure 3.3 The Legislature Has Options on Where to House the State’s Program Integrity Function Based on Other State Models.



Source: Auditor generated.

Under this policy option, the Legislature can consider dissolving the Audit function and relying on established audit offices like the Office of the State Auditor or the Office of the Legislative Auditor General. We found two examples of states that use this model.

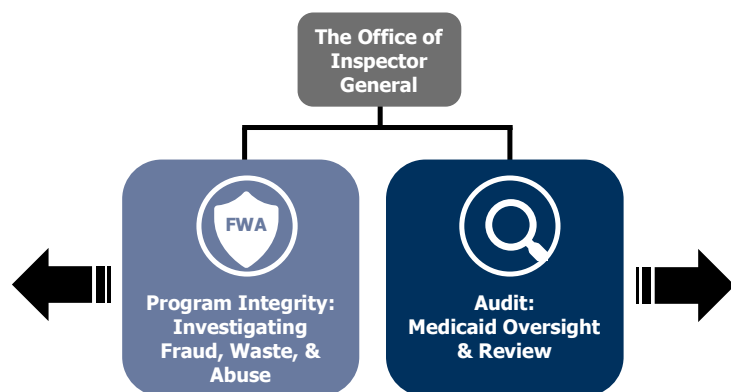
- **Louisiana** - The Louisiana Legislative Auditor (LLA) is the audit oversight body for Medicaid and consistently conducts oversight performance audits of Medicaid. Specifically, LLA has completed 24 audits of program quality, eligibility, and providers. As part of Louisiana’s authority to conduct audits, this model maintains functional independence from Medicaid and could lead to improved Medicaid coverage and outcomes.
- **Nebraska** – Nebraska recently moved its offices of inspector general over their corrections and child welfare into a legislative oversight structure alongside its performance audit function. Representatives from Nebraska report that this model helps 1) their Legislature better provide oversight of funding and 2) better appropriate resources to oversight needs.



The Legislature may also wish to consider shifting statutory authority and audit employees and resources as part of this option. We believe this option can work because an independent audit function outside of an office of inspector general can review the office and/or Program Integrity for areas of improvement.

Policy Option 3: Dismantle The OIG and Relocate the Program Integrity and Audit Functions

A final option for the Legislature to consider is to dissolve the OIG and relocate the Program Integrity and Audit functions.



Program Integrity: Move Program Integrity to DHHS or Another Relevant Entity but Maintain Functional Independence From Medicaid.

In 2010, we recommended improved independence for Program Integrity. This was due to a lack of independence that did not promote accountability. Eventually the Legislature moved the PI function out of the Department of Health. Program Integrity and Audit independence remain an issue for the Legislature to consider. We believe that both can be achieved under this model. Of the 14 states in our review, four states placed their Program Integrity outside of an office of inspector general.

As a final option, the OIG could be dissolved and the functions relocated. There are options for program integrity placement, while the audit function could be moved to an established audit office.

Other states demonstrate how Program Integrity can be independent even when housed in the same state agency as Medicaid. However, its independence may not be as strong as in a separate office of inspector general. Three other states' Program Integrity function are in their health agency. Florida reports that the placement of its program integrity function removes conflicts and allows the audit function to work independent of the program integrity function. Kansas also houses its Program Integrity under its Department of Health.



Audit: Roll The Audit Responsibilities Under The Office of the State Auditor or the Office of the Legislative Auditor General. The choice to exclusively use existing audit offices is the same here as in Option 2 (for more detail see Option 2). As mentioned earlier, Louisiana is the sole state that uses its Legislative audit function to conduct audits of Medicaid and houses its Program Integrity within its Department of Health. Without a stronger oversight body, we do not see value in keeping the Audit function within the OIG.

In summary, we believe the significant findings of this report necessitate changes to the Office of Inspector General. We provide several policy options for the Legislature to consider based on best available practices in Medicaid oversight. Any programmatic improvements could help improve services for the Medicaid population and improve program effectiveness on behalf of Utah's taxpayers.

RECOMMENDATION 3.1

The Legislature should consider a menu of options to improve the governance, accountability, and effectiveness of the Office of Inspector General. Doing so will strengthen the Medicaid performance and outcomes and maximize taxpayer funding within the Medicaid program.



Complete List of Audit Recommendations



Complete List of Audit Recommendations

This report made the following 12 recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

Recommendation 1.1

The Office of Inspector General should prioritize the office's work according to the highest overall risk. The office should perform ongoing, holistic, risk-based assessments of the Medicaid program to ensure high impact risks are identified. The office should demonstrate its ability to reduce Medicaid risk and improve operations over time.

Recommendation 1.2

The Office of Inspector General should continually engage in performance-based auditing of Medicaid by reviewing for cost efficiencies, effectiveness, and outcomes. The office can do this by including performance elements for Medicaid in its annual risk assessment and reporting its results in its annual report. Doing so will add greater value and office accountability.

Recommendation 1.3

The Office of Inspector General should provide additional value-added analyses by providing cost-efficiency, cost-driver, and other timely Medicaid-related information to the Legislature. This information should be included in their annual report to the Legislature. Doing so will ensure the office is maximizing its expected Medicaid expertise to the State of Utah.

Recommendation 1.4

The Office of Inspector General should conduct annual planning, considering broad coverage of Medicaid operations. The office should regularly report to the Legislature on its progress toward its annual work plan, including details on audit activities, audits initiated and finalized, and audit findings. Doing so will ensure the office is focused on demonstrating broad coverage and accountability for the entire Medicaid program.

Recommendation 1.5

The Office of Inspector General should provide improved oversight of Accountable Care Organizations. We recommend the office perform ongoing risk assessment and regular auditing of these organizations. Doing so will ensure the office fulfills its mandate by helping these organizations improve.

Recommendation 1.6

The Office of Inspector General should publicly report its audit recommendations to Medicaid in its annual report and in its annual update to the Legislature. Doing so will improve recommendation quality and promote Medicaid accountability.

Recommendation 2.1

Program Integrity should conduct a formal analysis of the factors contributing to its inconsistent and, at times, negative return on investment (ROI). Following this analysis, Program Integrity must develop and implement a detailed action plan to enhance its efforts. Proper analysis, planning, and action should increase financial recoveries, ROI, and the office's overall value.

Recommendation 2.2

Program Integrity and Audit should formalize and apply best practices for evaluating performance, including individual personnel performance, to ensure that personnel are held accountable to specific, measurable standards. The OIG should develop a comprehensive performance management policy that links performance to specific, quantifiable goals, which will, in turn, lead to more efficient operations and improve overall program effectiveness.

Recommendation 2.3

The Audit and Program Integrity functions should formalize and consistently implement its external reporting processes, ensuring all statutory requirements are met, and that reported metrics are accurate, complete, and presented with transparent and consistent methodologies.

Recommendation 2.4

The Audit and Program Integrity functions should prioritize and actively maintain their external reporting, ensuring information is current, resources are updated, and mechanisms for public input (e.g., fraud reporting) are accessible.

Recommendation 2.5

Program Integrity should reconsider the usefulness of the cost avoidance metric. If it chooses to continue, the methodology must be formally documented, published on the OIG's website, and include a clear, justifiable basis for the projection period. All annual reports should clearly detail the calculations and assumptions used to arrive at the final cost avoidance figure, thereby providing an accurate and transparent representation of cost avoidance.

Recommendation 3.1

The Legislature should consider a menu of options to improve the governance, accountability, and effectiveness of the Office of Inspector General. Doing so will strengthen the Medicaid performance and outcomes and maximize taxpayer funding within the Medicaid program.



Agency Response Plan





Utah Office of
Inspector General

Neil Erickson

Interim Inspector General

September 17, 2025

Attn to: Kade Minchey, Auditor General
And the Utah State Legislature
W315 House Building State Capitol Complex
Salt Lake City, Utah 84114

Re: Report No. 2025-20

Dear Mr. Minchey and Members of the Utah State Legislature,

The Utah Office of Inspector General (UOIG) welcomes the opportunity to respond to this audit and to provide additional information.

As of August 25, 2025, the UOIG has undergone a complete change in leadership; the former Inspector General and the former Deputy Inspector General have both left the UOIG. As a result, UOIG has begun to navigate significant changes to its internal structure and organization. During this time, the UOIG will continue to identify areas of opportunity for efficiency and impact, as we seek to continue to fulfill our mandate in Utah Code 63A-13-202(1)(b), to “monitor and inspect the use and expenditure of... federal and state funds; the provision of health benefits and other services; the implementation of and compliance with state and federal requirements; and records and recordkeeping procedures.”¹

Please find our response to the findings of Legislative Audit No. 2025-20 below. The UOIG response to this audit may include details from the Office of Legislative Auditor General (OLAG) Audit No. 2018-03 when a previous recommendation and any subsequent UOIG implementation resulting from the 2018 audit is related to the 2025 audit. UOIG responses to the 2018 audit previously detailed the planned steps that the UOIG intended to take to meet the recommendations stemming from that audit. Due to the change in UOIG leadership, the UOIG has requested copies of any follow-up by OLAG to the 2018 audit and/or any feedback regarding the proposed direction UOIG identified in the 2018 response. As of the publication of this audit, the UOIG has not received documentation to support OLAG was dissatisfied with the 2018 UOIG response or planned course of action, as detailed in the 2025 audit. Consequently, it is the belief of the UOIG that previous leadership implemented the 2018 recommendations based upon the understanding of and response to the 2018 audit. The UOIG believed it had demonstrated efforts to meet or exceed the actions outlined in the 2018 UOIG audit response and welcomes continued collaboration with OLAG to implement new 2025 recommendations. It is the goal and mission of the UOIG to strengthen Medicaid Program Integrity and Oversight functions, to protect taxpayer dollars, and to mitigate risk; Medicaid Members and Utah taxpayers depend upon the health and sustainability of the Medicaid Program.

¹ <https://le.utah.gov/xcode/Title63A/Chapter13/63A-13-S202.html> September 13, 2025



The UOIG would be happy to meet with legislative committees, individual legislators, and/or state officials to discuss the audit report, the UOIG response, and any recommendation implementation.

Chapter 1

Recommendation 1.1

The Office of Inspector General should prioritize the office's work according to the highest overall risk. The office should perform ongoing, holistic, risk-based assessments of the Medicaid program to ensure high impact risks are identified. The office should demonstrate its ability to reduce Medicaid risk and improve operations over time.

UOIG Response:

The UOIG agrees with this recommendation.

What: The 2018 audit included a recommendation to “conduct formal, annual audit planning and risk assessment to identify best uses of audit resources”. In an attempt to meet and exceed OLAG recommendations, the UOIG implemented holistic risk assessment in every audit, investigation, evaluation, review of proposed change(s) to Medicaid policy, and during the review of each incoming report of suspected fraud, waste, or abuse (FWA). The UOIG believes it currently evaluates risk holistically but acknowledges that UOIG holistic risk assessment may have a different definition than OLAG holistic risk assessment. In accordance with Utah Code 63A-13-202(1)(b), the UOIG must monitor and inspect the use and expenditure of federal and state funds. In addition, this portion of Utah Code requires that the UOIG must also monitor and inspect risk to Medicaid Members’ health benefits and other services, Medicaid’s compliance with state and federal requirements, Medicaid records and recordkeeping practices, and risks to Medicaid Program Integrity.

The FY24-28 Comprehensive Medicaid Integrity Plan (CMIP) published by the Centers for Medicare & Medicaid Services (CMS) highlights 5 key initiatives “necessary for Medicaid program integrity oversight.”² Among their areas of focus are High Risk Vulnerabilities. Similarly, the United States Government Accountability Office (GAO), found “three broad areas of risk in Medicaid that also contribute to overall growth in program spending, projected to exceed \$900 billion in fiscal year 2025: Improper payments; supplemental payments; and demonstrations [also known as Waiver programs].”³ GAO recommendations to address these areas of risk included data improvement and a collaborative approach to Medicaid oversight. Consequently, the UOIG has acted to implement both CMS and GAO findings and recommendations. The UOIG has mirrored CMS’s approach by identifying holistic areas of high risk in the Utah Medicaid program and tailoring our workload to address these areas of concern through the identification of mitigation opportunities. This also aligns with Yellow Book Audit Standards, and Utah Code 63A-13-202(1)(q), which mandates that the UOIG “develop and implement principles and standards for the fulfillment of the duties of the inspector general, based on principles and standards used by: (i) the Federal Offices of Inspector General; (ii)

² [Comprehensive Medicaid Integrity Plan for Fiscal Years 2024 - 2028](#) September 13, 2025

³ [GAO-18-598T, MEDICAID: Actions Needed to Mitigate Billions in Improper Payments and Program Integrity Risks](#) September 13, 2025



the Association of Inspectors General; and (iii) the United States Government Accountability Office [GAO]”. The GAO creates and follows Yellow Book Standards. In meeting these regulatory requirements, the UOIG has also acted to prioritize the areas of risk identified by the GAO and has leveraged federal funding to procure a data management system, to help strengthen and improve data driven solutions.

Consequently, the UOIG measures a wide variety of different types of risk, from risks to taxpayer resources, to risks to Medicaid Beneficiaries or the Medicaid provider network. The UOIG assesses each type of risk concurrently, through formal risk assessments during Audit Planning, and through informal committee and triage meetings with the management team. UOIG risk assessments are often data and policy driven, and/or the result of research into current, historical, or potential future impact to one or more of these risk areas. The previous UOIG management considered the evaluation of the combination of types of risks to be a holistic risk assessment and prioritized audits and the work of the Office according to the highest areas of combined overall risk. Total risk is also assessed on a rolling basis. For example, the UOIG reevaluates programmatic risks regularly based upon emerging fraud schemes, regulatory or policy changes, changing financial considerations, changing healthcare industry standards, and risks to Medicaid Members. New UOIG leadership has requested a copy of the OLAG Risk Assessment Tool, for evaluation of future implementation into the current UOIG holistic risk assessment processes, in order to strengthen UOIG risk assessment processes and to help bridge the gap in definition.

A recent example of UOIG risk assessment informed work, and the subsequent reduction in Medicaid risk can be seen in the UOIG’s recommendations to Medicaid to re-introduce Prior Authorization (PA) requirements for Personal Care Services (PCS), and to address the high levels of risk identified by the UOIG which allowed for a 15-times multiplier for payment of these services in designated rural areas. As a result, Utah Medicaid reimplemented the PA requirement for PCS. Medicaid is also in the process of submitting an application to CMS to amend the Medicaid State Plan and reduce the 15-times multiplier for rates of payment of PCS in designated rural areas. Medicaid calculates a potential savings of over \$13 million dollars per year from this change, resulting from UOIG involvement. The UOIG continues to monitor this program area and others for all types of risk. The UOIG will discuss the potential for cost avoidance related to this project in Recommendation 2.5.

When: Upon receipt of the OLAG Risk Assessment Tool, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 1.2

The Office of Inspector General should continually engage in performance-based auditing of Medicaid by reviewing for cost efficiencies, effectiveness, and outcomes. The office can do this by including performance elements for Medicaid in its annual risk assessment and reporting its results in its annual report. Doing so will add greater value and office accountability.



UOIG Response:

The UOIG agrees with this recommendation.

What: In addition to UOIG's plan to bridge the gap in how OLAG and UOIG define holistic risk assessment, as identified in Recommendation 1.1, the UOIG will continue to follow the Government Auditing (Yellow Book) Standards set by the U.S. Government Accountability Office (GAO), in accordance with UOIG duties specified in Utah Code 63A-13-202(1)(q). The UOIG acknowledges and appreciates the clarification of intent around the focus on performance auditing, as discussed during the 2025 audit process. The UOIG is committed to improving and refining our audit approach to more effectively assess efficiencies, impact, and overall Medicaid program performance and will include new focus on performance audit training for UOIG audit staff. The UOIG will ensure new auditors complete Yellow Book Training, and that existing audit staff complete annual Yellow Book training.

When: Upon receipt of the OLAG Risk Assessment Tool, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 1.3

The Office of Inspector General should provide additional value-added analyses by providing cost-efficiency, cost-driver, and other timely Medicaid-related information to the Legislature. This information should be included in their annual report to the Legislature. Doing so will ensure the office is maximizing its expected Medicaid expertise to the State of Utah

UOIG Response:

The UOIG agrees with this recommendation and welcomes the opportunity to increase its presence with the Legislature.

What: The UOIG reports, on an annual basis, to the Governor and to the General Government Appropriations Subcommittee, in accordance with Utah Code 63A-13-502(4). The UOIG would like to request additional opportunities to meet with and/or present before the Social Services (SS) Appropriations Subcommittee. The UOIG believes that providing SS Appropriations Subcommittee members with pertinent information about identified risks to the Medicaid program will help inform their decisions. Additionally, the UOIG will begin to proactively provide copies of the annual report to the SS Appropriations Subcommittee, beginning this year. In the 2022 Annual Report, the UOIG explained a shift in the content and layout of its annual reports, in an effort to better engage readers and more clearly illustrate UOIG impact. The UOIG requests additional feedback from the Legislature about any additional elements they would like to see included in annual reports each year. New UOIG leadership reiterates its willingness to meet with legislative committees or members of the legislature to provide information about the work of the office.



When: Immediately, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 1.4

The Office of Inspector General conduct annual planning, considering broad coverage of Medicaid operations. The office should regularly report to the Legislature on its progress toward its annual work plan, including details on audit activities, audits initiated and finalized, and audit findings. Doing so will ensure the office is focused on demonstrating broad coverage and accountability for the entire Medicaid program.

UOIG Response:

The UOIG agrees with this recommendation.

What: Recommendation 1.3 details UOIG annual reporting responsibilities outlined in Utah Code 63A-13-502(4), as well as plans to proactively exceed current reporting requirements specified therein. In addition, Utah Code 63A-13-201(6)(e) mandates that the UOIG “when requested, shall provide reports to the governor, the president of the Senate, or the speaker of the House”. Following the 2018 OLAG audit, the UOIG sought to exceed audit reporting requirements in Utah Code 63A-13-201(6)(e); instead of waiting for a request for an audit report, the UOIG proactively sends every audit report to: the Senate Chair of the SS Appropriations Subcommittee; the House Chair of the SS Appropriations Subcommittee; the Chief of Staff, Office of the Governor; the President of the Utah Senate; the Speaker of the Utah House of Representatives; the Legislative Fiscal Analyst Finance Manager; the Legislative Fiscal Analyst Finance Office; and senior DHHS and DIH leadership. Additionally, the UOIG publishes each audit report on the UOIG website. The UOIG further sought to exceed reporting requirements under 63A-13-502(4) by proactively publishing each annual report on the UOIG website. The UOIG will begin work to develop strategies to make the currently publicly available reports more visible through media exchanges and increases to UOIG website traffic.

When: Immediately, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 1.5

The Office of Inspector General provide improved oversight of Accountable Care Organizations. We recommend the office perform ongoing risk assessment and regular auditing of these organizations. Doing so will ensure the office fulfills its mandate by helping these organizations improve.



UOIG Response:

The UOIG agrees with this recommendation. The UOIG will continue to prioritize audits, PI work, and Investigations based upon a combination of risk factors discussed in Recommendation 1.1.

What: The UOIG, Medicaid, External Quality Review Organizations (EQROs)⁴, and CMS⁵ have identified ACOs as relatively low risk, despite the high dollar amount involved. In response to the 2018 OLAG recommendation to “conduct independent reviews of ACO claims and independently review a sample of ACOs’ program integrity reviews”, the UOIG has conducted five audits involving ACOs since 2018. The UOIG meets with each ACO quarterly as a group, and quarterly on an individual basis. ACOs have two opportunities to address identified risks directly with the UOIG, as well as through regular referrals and reports submitted to the Office. ACOs have robust Special Investigative Units (SIU) programs dedicated to working with Medicaid, providers, and the UOIG to identify and prevent fraud, waste, and abuse. ACO SIUs are contractually obligated to report all identified or suspected FWA to the UOIG. The UOIG will continue to review holistic risk in this, and other Medicaid program areas, on an ongoing basis, following the action plan identified in Recommendation 1.1.

When: Continually, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 1.6

The Office of Inspector General publicly report its audit recommendations to Medicaid in its annual report and in its annual update to the Legislature. Doing so will improve recommendation quality and promote Medicaid accountability.

UOIG Response:

The UOIG agrees with this recommendation.

What: In Recommendations 1.3 and 1.4, the UOIG discusses annual and audit report distribution lists and requirements under Utah Code 63A-13-201(6)(e) and 63A-13-502(4) that the UOIG proactively exceeds. The UOIG and Medicaid currently utilize a jointly accessible audit recommendation tracking system that documents and identifies progress toward Medicaid’s implementation and implementation deadlines. The UOIG and Medicaid will continue to use this tool to promote strong recommendation outcomes and accountability. The UOIG will immediately begin to include additional information about audits and outcomes in the annual report each year, with reference to

⁴ External Quality Review protocols. Four of the EQR protocols are federally mandatory, while the remaining four protocols are optional. The UOIG completed one protocol through the Audit of Medicaid Encounter Data Quality Assurance in 2019.

⁵ Utah Medicaid identifies the UOIG and ACO makeup in Utah as a significant contributing factors in State Plan Amendment requests to CMS to exempt Utah from federal RAC (Recovery Audit Contractor) requirements outlined in the SSA. CMS has tacitly agreed through the repeated approval of Utah Medicaid requests to waive this requirement.



availability of full audits on the UOIG website. Additionally, the UOIG will begin work to include UOIG current audit stages and completed audit recommendation implementation progress on the UOIG website, which will be further detailed in Recommendation 2.4.

When: Within eight weeks, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Chapter 2

Recommendation 2.1

Program Integrity should conduct a formal analysis of the factors contributing to its inconsistent and, at times, negative return on investment (ROI). Following this analysis, Program Integrity must develop and implement a detailed action plan to enhance its efforts. Proper analysis, planning, and action should increase financial recoveries, ROI, and the office's overall value.

UOIG Response:

The UOIG partially agrees with this recommendation. While we appreciate the focus on ROI, our analysis of the data in Figure 2.3⁶ shows a consistent increase over time, with an average ROI of \$1.10 for every \$1 invested.

What: Figure 2.3 in OLAG's 2025 audit report shows an overall increase in the UOIG Return on Investment, with an average ROI identified by OLAG as "\$1.10, meaning \$1.10 is returned for every \$1 invested by the state". OLAG's audit report shows that the UOIG had an increase in ROI in six of the nine years listed in the figure and included in the audit.

The UOIG currently works with other OIG programs to determine best practice industry standards for developing robust Program Integrity planning tools for implementation in Utah, and frequently fields inquiries from other states about Utah planning and metrics. Utah is considered an industry leader in the PI and cost avoidance arena, and staff are invited to present on these topics at a national level.

Effective PI work and collaboration often also result in correspondingly lowered levels of risk to those areas of the Medicaid Program. It is expected that lowered risk levels may also decrease the opportunities for recoveries in that particular program area. An example of effective PI and audit work that should result in lowered risk and subsequently decreased recoupment opportunities is the 2023 UOIG Performance Audit on Capitation Payments Made After the Death of Medicaid Members. In the audit, the UOIG identified \$1.5 million in unrecovered overpayments to ACOs in Utah and made recommendations to prevent recurrence.⁷ In the 2024 rereview of these payments to ACOs,

⁶ Figure 2.3, Page 27, Office of Legislative Auditor, A Performance Audit of The Office of Inspector General of Medicaid Services (2025)

⁷ In Utah, Managed Care Entities (MCEs), or Accountable Care Organizations (ACOs) are often used synonymously. Types of MCEs include Managed [Health] Care Plan ACOs, Prepaid Mental Health Plan PMHPs, Dental care plans, Transportation, Utah Medicaid



the UOIG identified a decrease in the amount of capitation payments made after the date of death of a Medicaid Member. The UOIG will continue to evaluate risk in this area and will conduct additional follow-up as needed. These successes are desirable; improper payments should be prevented, in order to ensure that resources remain available to provide medical services to Medicaid Members. This success also results in fewer available improper payments to pursue for recoupment, and a naturally lowered ROI resulting from this project. The success in preventing improper payments may potentially be captured in future Cost Avoidance numbers, if/when it meets strict Cost Avoidance criteria. Cost Avoidance is discussed in further detail in Recommendation 2.5.

The UOIG will continue to work to identify and develop robust PI and audit analysis and planning, and to take action to mitigate risk to the Medicaid program, to Medicaid Members and their services, and to Utah taxpayers, in accordance with Utah Code 63A-13 *et seq.*

When: Continually, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 2.2

Program Integrity and Audit formalize and apply best practices for evaluating performance, including individual personnel performance, to ensure that personnel are held accountable to specific, measurable standards. The OIG should develop a comprehensive performance management policy that links performance to specific, quantifiable goals, which will, in turn, lead to more efficient operations and improve overall program effectiveness.

UOIG Response:

The UOIG agrees with this recommendation.

What: During the 2025 audit scope, several unusual circumstances occurred that impacted UOIG work. As detailed in UOIG Annual Reports, the Public Health Emergency (PHE) resulting from the COVID-19 pandemic significantly affected the ability of the UOIG to conduct audits or investigations; state and federal regulations were relaxed and, in some cases, temporarily suspended in an effort to help facilitate access to health care and services during the pandemic. CMS and Medicaid requested that OIG and PI entities pause audits and investigations, to allow health care workers and providers to focus on service provision. UOIG nurses were temporarily reassigned to assist the Utah Department of Health by conducting COVID contract tracing work for nearly six months to help limit the spread of the pandemic. UOIG auditors shifted focus to work on emerging and changing regulatory guidance from state and federal entities. This resulted in a significantly increased complexity in identifying which policies and regulations applied to any given service or claim under internal review; changing federal regulations and allowances occurred weekly, and in some



instances, daily. The UOIG utilized this work to assist Medicaid and Beneficiaries by identifying regulatory conflicts in 398 proposed Medicaid policy changes and in two Utah Executive Orders issued in response to frequently changing federal regulations and guidance.

In 2023, as the PHE was ending, Utah Medicaid began work to migrate claims processing into the new PRISM system. As detailed in the 2023 Annual Report, UOIG recoveries were significantly limited by PRISM implementation; Medicaid data was unavailable for review for an entire quarter of the fiscal year. Encounter data was also unavailable from PRISM implementation in April, 2023 until September, 2023. At the time, the UOIG cautioned against setting arbitrary recovery benchmarks, and identified the likelihood of additional impact in 2024. In 2024 and 2025, PRISM data accuracy came into question. Significant risks include Fee for Service Claims paying improperly, Medicaid Member eligibility inaccuracies, and ACO encounter claims not properly processing since the initial implementation of PRISM. This was discovered by the UOIG as the result of ongoing audits and data discrepancies. The UOIG met with Medicaid on several occasions to ascertain the cause of the discrepancies, and Medicaid leadership acknowledged that PRISM claims had not processed accurately for multiple and various reasons. Medicaid leadership reported that they required sign off from senior leadership in order to provide the UOIG with information about the issues, despite repeated UOIG requests for documentation. As of the date of this audit, the UOIG is still awaiting complete documentation from Medicaid regarding data inaccuracies and improper payments. The UOIG will provide additional information about these risks and outcomes in the 2025 Annual Report.

The UOIG will continue to meet with other state OIG and Medicaid PI programs to identify and implement best audit practices. The UOIG will meet with other Utah audit programs in Utah to further identify opportunities to refine audit procedures. Additionally, the UOIG will continue internal planning work to further develop performance metrics and increase individual employee outcomes. The UOIG would like to express an interest in consulting with OLAG to better understand OLAG audit processes.

The UOIG would also welcome the opportunity for a peer review to help identify best practice for Medicaid Program Integrity standards. A peer review provides “government assurance that their audit organization is following auditing standards, and that their quality control system is suitably designed to ensure standards are met”.⁸ This would necessitate one-time funding approval from the Legislature.

When: Within 12 months of receipt of funding, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General and Rachel Buchi, Audit Manager

⁸ The Association of Local Government Auditors, Peer Reviews, <https://algaonline.org/page/peer-review#:~:text=A%20peer%20review%20gives%20a,ensure%20audit%20standards%20are%20met> September 15, 2025



Recommendation 2.3

The Audit and Program Integrity functions formalize and consistently implement its external reporting processes, ensuring all statutory requirements are met, and that reported metrics are accurate, complete, and presented with transparent and consistent methodologies.

UOIG Response:

The UOIG agrees with this recommendation.

What: In Recommendations 1.3, 1.4, and 1.6, the UOIG details the ways in which they proactively work to exceed audit reporting requirements identified in Utah Code 63A-13-201(6)(e) and 63A-13-502(4), in response to OLAG recommendations made in 2018. Consequently, the UOIG acknowledges there may be a disconnect between OLAG reporting expectations, and those understood by the Office, as defined in Utah Code 63A-13-201(6)(e). The UOIG would like to request that the Legislature and OLAG identify specific reporting metrics or elements that they would like to see included UOIG annual and audit reports. The UOIG will continue to send, prior to request, each completed audit report. Similarly, the UOIG will begin to proactively expand the distribution list for its annual reports, in an effort to exceed reporting requirements identified in Utah Code 63A-13-502(4). The UOIG reiterates its willingness to meet with or present to Utah legislative committees, individual Utah Legislators, and government officials, and key stakeholders.

The UOIG met with OLAG to determine which inaccuracies OLAG had identified. The UOIG and OLAG determined that a change in UOIG reporting metrics, in order to more accurately capture UOIG ROI, created the appearance of inaccuracies in ROI numbers. The reported numbers for each year were accurate; they simply included different elements in the total from year to year. For example, in 2019, the UOIG included the Medicaid Recovery Audit Contractor (RAC) numbers in the annual report calculations. Inclusion of RAC numbers in UOIG annual reporting ceased, following 2019. The UOIG acknowledges that there is an opportunity to more clearly define its metrics and numbers besides each graph, chart, or total, and will work to incorporate that information in reports, beginning immediately.

When: Immediately, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Recommendation 2.4

The Audit and Program Integrity functions prioritize and actively maintain their external report, ensuring information is current, resources are updated, and mechanisms for public input (e.g., fraud reporting) are accessible.



UOIG Response:

The UOIG agrees with this recommendation.

What: The UOIG prioritizes mechanisms for public input, feedback, and reporting. The UOIG actively works with other agencies, such as the Medicaid Fraud Control Unit (MFCU), local Law Enforcement, federal staff, the Office of Recovery Services (ORS), the Department of Workforce Services (DWS), Licensing, etc. to ensure mechanisms for public input remain open. We actively refer leads and cases to these community partners and receive cases and leads from these entities. The UOIG works to ensure that any misdirected referrals are forwarded to the entity with responsibility over that particular area. The UOIG has also developed a robust training program to reach government staff, providers, and community stakeholders. Since implementation in 2020, the Office has seen a shift in the frequency and quality of fraud reporting and public input from industry stakeholders, Medicaid providers, Medicaid staff, and other members of the public. The UOIG provides targeted training in response to emerging PI concerns and is regularly invited to provide training to other government staff, individually owned Medicaid providers, members of health care professional organizations, and others.

The UOIG will work to identify opportunities to better utilize the UOIG website and include additional information about training, metrics, and reporting, with an eye to encouraging public input. The UOIG began this work prior to the conclusion of the audit in August 2025, and it remains ongoing.

When: Beginning in August 2025, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General and Elise Napper, Policy and Training Coordinator

Recommendation 2.5

Program Integrity reconsider the usefulness of the cost avoidance metric. If it chooses to continue, the methodology must be formally documented, published on OIG's website, and include a clear, justifiable basis for the projection period. All annual reports should clearly detail the calculations and assumptions used to arrive at the final cost avoidance figure, thereby providing an accurate and transparent representation of cost avoidance.

UOIG Response:

The UOIG partially agrees with this recommendation.

What: The UOIG believes that the cost avoidance metric developed by the UOIG Lead Data Scientist, Dr. Vanous, is a useful tool to help measure the UOIG's impact on Utah taxpayers, the Medicaid program, and Medicaid Beneficiaries.



Cost Avoidance methodology has appeared in UOIG annual reports and is best described as a measurable change in improper billing behavior resulting from UOIG involvement. This is calculated by comparing the difference in billing behavior prior to UOIG involvement, and after UOIG involvement. After initial adjustments during the early development stages of this model, cost avoidance projections in Utah now follow prescribed standards that do not exceed 5 years, similar to the models utilized by other Medicaid state programs who have adopted Dr. Vanous' cost avoidance methodology.

UOIG's Cost Avoidance methodology has been presented at the PIC, the Medicaid Integrity Institute (MII), and at the National Association for Medicaid Program Integrity (NAMPI). At the 2025 NAMPI Conference, private industry leaders and vendors such as Deloitte promoted the use and adoption of cost avoidance methodology. Dr. Vanous has become an industry leader in proactive program integrity.

In Recommendation 1.1, the UOIG discussed an example of a Medicaid risk identified by the UOIG related to PCS. Risks arose through Medicaid's initial removal of a Prior Authorization (PA) requirement, combined with a 15-times multiplier for payment for PCS in designated rural areas. UOIG recommended the reintroduction of a PA requirement for these services, and a decrease in the payment rate multiplier. Medicaid reinstated PA requirements and is working to reduce the multiplier at present. Medicaid reports that an estimated \$13 million dollars per year savings will result from the reduction of the multiplier. If those estimates prove accurate, that could result in approximately \$65 million dollars in savings over the next five years. However, the UOIG has not included these calculations into their annual Cost Avoidance reporting because the future potential savings are not yet measurable. The UOIG must be able to measure a change in billing behavior that is a direct result of UOIG involvement in order to calculate Cost Avoidance.

The UOIG has calculated Cost Avoidance for only 5 projects out of over 1,934 UOIG leads, audits, and evaluations since 2020. Consequently, the UOIG believes that Cost Avoidance numbers are underreported; the Office does not calculate Cost Avoidance unless it meets clear and strict criteria. As a result, although Cost Avoidance is a meaningful tool, it is an inherently conservative metric; it provides context to targeted UOIG outcomes in preventing waste or abuse of fiscal resources, to ensure that those resources remain within the Medicaid program to provide needed medical services for vulnerable Utah residents.

The UOIG appreciates the recommendation to post the Cost Avoidance model on its website and is actively taking steps to create materials for the website that illustrates how Cost Avoidance methodology is utilized by the UOIG. The UOIG management team will implement this recommendation within the next six weeks. The UOIG welcomes the opportunity to provide additional details about the measurable calculations utilized to project savings to Utah taxpayers and the Medicaid program. The UOIG will also work to clearly define and identify cost avoidance opportunities and methodology in each future annual report.



When: Within six weeks, and on an ongoing basis thereafter as determined by UOIG, OLAG, and/or the Legislature

Contact: Neil Erickson, Interim Inspector General

Chapter 3

Recommendation 3.1

The Legislature should consider a menu of options to improve the governance, accountability, and effectiveness of the Office of Inspector General. Doing so will strengthen the Medicaid performance and outcomes and maximize taxpayer funding within the Medicaid program.

- a. *Policy Option 1: Change the Oversight Structure for the Menu of Options: The Legislature Could Create an Oversight Board.*

UOIG Response:

The UOIG offers additional factors for consideration.

What: In 2018, OLAG recommended [the Legislature] “Establish an oversight board which meets with the OIG quarterly to review operations, examine audit reports, and provide direction”. At the time, the UOIG agreed, and requested that at least one member of the board come from a member of the executive branch. The UOIG explained that other states had success with this method. New UOIG leadership also agrees with this recommendation and reiterates a request that a board member belong to the Executive Branch of Utah government. New UOIG leadership further requests the legislature consider how to avoid conflicts of interest when forming a board. This is because the inclusion of medical providers could create a situation where the UOIG has oversight responsibilities over someone they also report to. Board members with interests in the medical field could also potentially find themselves in a position to create policy that impacts their own business dealings or practices. The UOIG welcomes the opportunity to provide additional information or assistance to the legislature in their development of a Board.

- b. *Policy Option 2: Keep Program Integrity In the OIG, Rely on Established Audit Offices to Review Medicaid.*

UOIG Response:

The UOIG offers additional factors for consideration.

What: UOIG functions and responsibilities are not solely state-mandated; they also fulfill a range of federally mandated responsibilities under the SSA. Federal funding for Medicaid PI functions works through a federal drawdown through Federal Medical Assistance Percentage (FMAP) calculations. Federal regulations related to these required PI responsibilities are



detailed in Recommendation 3.c. UOIG regulatory concerns identified in Recommendation 3.c apply to this recommendation as well.

Title XIX of the Social Security Act (SSA) does not separate oversight/audits and program integrity functions in the Medicaid program. Sec. 1902 of the Act [42 U.S.C. 1396a]⁹ specifies, “A State plan for medical assistance must...provide that the State must comply with any requirements determined by the Secretary to be necessary for carrying out the Medicaid Integrity Program established under section 1936”. Sec. 1936 of the Act [42 U.S.C. 1396u-6]¹⁰ identifies audit as an activity of Medicaid Program Integrity. In keeping with federal regulations under the SSA, CMS also does not delineate between oversight/audits and other program integrity functions. Instead, they identify program integrity as an “oversight”¹¹ function and treat audit as a component of Medicaid Program Integrity.

In accordance with federal regulations and CMS guidance, the UOIG’s PI and audit programs share similar functions; each review what has occurred and proactively work to mitigate future risks; the audit and the PI work identified by OLAG are parts of a whole. Additional programs within the UOIG that were not mentioned in the 2025 OLAG audit also play key dual roles. The training and policy programs within the UOIG are examples of this. In keeping with responsibilities under Utah Code 63A-13-202(2)(b)(ii) and (iii) and 63A-13-202(2)(c), the UOIG reviews all draft Medicaid policy changes prior to implementation. The UOIG determines if the proposed change conflicts with United States Code (USC), the Code of Federal Regulations (CFR), Utah Code, Utah Administrative Rule, other state and federal policies and guidance. The UOIG also reviews the proposed change to determine if the change may result in increased risk to Medicaid, to Utah taxpayers, to Medicaid Members, and/or to the provider network. The UOIG then makes recommendations to Medicaid regarding the proposed policy change. This work involves significant oversight and program integrity components. Splitting the UOIG under separate offices would create circumstances similar to those that the Governor sought to solve with the merger of the Department of Health and the Department of Human Services into the Department of Health and Human Services; duplicating efforts in separate government offices results in the waste of taxpayer resources.

Separating audit functions from PI may have additional impact as well, and the UOIG recommends additional study, including potential federal input and the inclusion of a legal opinion in this matter. The introduction of new or differing duties for UOIG auditors may result in the loss of ability to draw down FMAP funding for auditors separated from other PI staff, which would subsequently increase costs for Utah taxpayers by an estimated \$560,000 annually.

⁹ https://www.ssa.gov/OP_Home/ssact/title19/1902.htm September 13, 2025

¹⁰ https://www.ssa.gov/OP_Home/ssact/title19/1936.htm September 16, 2025

¹¹ CMS, Medicaid Program Integrity <https://www.cms.gov/medicare/medicaid-coordination/states/medicaid-integrity-program> September 13, 2025



OLAG identified Nebraska's and Louisiana's organizational operations as an example of the successful separation of Medicaid PI and Medicaid audit work. The UOIG discussed the separation of audit and PI functions in Nebraska and in Louisiana with their respective senior leadership. Nebraska Medicaid verified that the Nebraska State Auditor's Office, who has Medicaid audit responsibilities, does not have the ability to draw down FMAP funding for their work auditing Medicaid. Additionally, despite the technical separation of most audit and PI duties, Nebraska's PI unit within Medicaid reported that they still must complete limited audits based upon federal requirements and criteria. This can result in a duplication of effort. Similarly, Louisiana Medicaid verified that although the Louisiana Legislative Auditor's Office audits their Medicaid program, the Louisiana OLAG often refers Medicaid audits to Louisiana Medicaid PI to complete. Louisiana Medicaid reported that Louisiana OLAG is not able to draw down federal FMAP funding for their audit work. They further verified that, like Nebraska, the Louisiana Medicaid PI office was also responsible for conducting their own Medicaid audits, as part of the PI responsibilities, which resulted in overlap and duplication of work.

In the audit report, OLAG references Kansas' organizational setup as an example of how "other states demonstrate how Program Integrity can be independent even when housed in the same state agency as Medicaid". The UOIG discussed the question of independence with Kansas' senior leadership. Kansas' Inspector General reports they would like to move their PI Office outside of their Medicaid Single State Agency, because "it is a hindrance" to their PI responsibilities.

There is also a possibility that altering UOIG's structure or responsibilities may impact current Medicaid operations. For example, Utah Medicaid cited the Office of Inspector General of Medicaid Services as a key factor in the 2023 and 2025 requests for an exemption from Recovery Audit Contractor (RAC) requirements in accordance with Section 1902(a)(42)(B)(i) of the Social Security Act. CMS has historically granted that waiver request for a two-year period per request. Changes to Medicaid operations may also result in additional appropriation needs.

The UOIG expresses a concern that these factors should be taken into consideration before a determination is made. Additionally, if the Legislature chooses to implement this recommendation, the UOIG requests consideration of avenues to allow audit and PI to continue to work collaboratively, where needed, in order to benefit taxpayers, the Medicaid program, and Utah's Medicaid Members.

c. Policy Option 3: Dismantle The OIG and Relocate the Program Integrity and Audit Functions.

UOIG Response:

The UOIG identifies potential challenges introduced by this recommendation.

What: In 2018, OLAG recommended that the Legislature "Relocate the OIG to within the Office of the State Auditor". UOIG Management at that time disagreed with this recommendation,



specifying, “The Office fulfills both federally mandated Program Integrity responsibilities and state mandated oversight responsibilities. The Utah State Plan identifies the [then] Utah Department of Health as the “Single State Agency’ responsible for the administration of the Medicaid Program, in accordance with 42 CFR § 431.10. In order to perform the Program Integrity role the OIG entered into a Memorandum of Understanding with the Division of Medicaid and Health Financing (DMHF) that identifies and delegates specific responsibilities to the Office.... The current relationship works since the Office is designated as an Independent Agency. Relocating the OIG within the Office of the State Auditor may cause a contractual relationship between the Office of the State Auditor and the Department of Health [now Department of Health and Human Services]. Such a contractual relationship may hinder future audits of the Department by the Office of the State Auditor.”

Mandatory federal Medicaid program integrity responsibilities under Sec. 1936 of the SSA [42 U.S.C. 1396u-6] include audits, the identification of overpayments, the identification of suspected fraud cases, methods for investigating suspected fraud cases, education and training, etc. Title VI, Chapter 3, of the Deficit Reduction Act addresses Eliminating Fraud, Waste, and Abuse (FWA) in Medicaid. Additional FWA requirements are located in 42 CFR §§ 455.12-- 455.23, and throughout various USC, CFR, Utah’s False Claims Act, and federal guidance that is communicated to the states through Final Rules, formal correspondence from CMS, etc. Utah further identifies a range of duties and responsibilities under Utah Code 63A-13 et seq. Together, the list of state and federal requirements for Medicaid program integrity makes up the current functions of the Utah Office of Inspector General of Medicaid services.

The circumstances that the UOIG referenced in 2018 remain the same; as an Independent Entity, the UOIG has the ability to audit and oversee Medicaid without hindrance. On page 2 of this report, OLAG writes, “The Legislature created the OIG in 2011 to 1) provide Medicaid oversight and 2) identify and pursue instances of fraud, waste, and abuse (FWA). Specifically, prior audits noted that the Department of Health’s existing structure—now the Department of Health and Human Services (DHHS) had oversight functions that provided these two services but lacked independence. We made recommendations for these functions to be relocated into a single entity to improve overall effectiveness, office impact, and independence. Today the OIG is composed of these two major operational areas.” The need for independence from Medicaid that led to the creation of the Office in 2011 also remains; relocating the UOIG within DHHS could recreate the same circumstances that resulted in the unsuccessful outcomes that originally led to the UOIG’s creation.

UOIG concerns identified in Recommendation 3.b also apply to this recommendation; the separation of the UOIG’s audit and PI programs would likely lead to a reduction in FMAP funding availability for any auditors relocated under OLAG or the State Auditor’s Office. A reduction in federal funding for these positions would result in a subsequently increased cost of approximately \$560,000 annually for Utah taxpayers, who would need to make up the lost federal drawdown amounts, and would likely result in some potential duplication of responsibilities.



Utah Office of
Inspector General

Neil Erickson

Interim Inspector General

UOIG Conclusion:

The UOIG remains committed to incorporating best practice and increasing its effectiveness in the pursuit of identifying and mitigating risk to the Medicaid program, to Medicaid Members, and to Utah taxpayer dollars. Directly reporting and presenting to the Social Services Appropriations Subcommittee may help increase the visibility of the Office and provide meaningful context and information to assist legislators with their decision making. Kansas reports that their Inspector General has found success in reporting directly to their Joint Senate and House Health and Human Services and Medicaid Subcommittees. The UOIG would welcome a similar opportunity.

The UOIG is available to work with the legislature to develop a plan to address any concerns, and ensure positive outcomes for Medicaid, Medicaid Beneficiaries, and Utah taxpayers.

Regards,

Neil Erickson

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Office of the Legislative Auditor General

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September 25, 2025

Speaker Mike Schultz | President Stuart Adams
Members of the Audit Subcommittee
Suite 315 Lockhart House Building
Salt Lake City, Utah 84114-3515

Legislative Audit Subcommittee Members,

We have reviewed the Utah Office of Inspector General's (OIG) Agency Response Plan in response to *A Performance Audit of the Office of Inspector General of Medicaid Services: Policy Options for Improved Governance and Medicaid Oversight*. In doing so we have identified several areas that contain information which is incomplete or that does not fully reflect the findings of this report.

To ensure the information presented to you is correct and complete we respectfully provide additional information. The OIG in their response:

- Indicated "the [OIG] believes it currently evaluates risk holistically but acknowledges that UOIG holistic risk assessment may have a different definition than OLAG holistic risk assessment." While the OIG performs risk assessment within each audit, "the OIG should prioritize the areas it reviews based on a holistic risk assessment of Medicaid (p.9)." During this audit the OIG could not produce any documented process for its risk assessment.
- Asserted that the OIG has identified Accountable Care Organizations (ACOs) "as relatively low risk." However, during the audit we could find no evidence that the OIG has conducted any adequate risk assessment of ACOs (p. 16). Utah's ACOs manage \$1.4 Billion, or 28 percent of Utah's Medicaid expenses.
- Minimized and mischaracterized OLAG's findings that OIG reporting has inaccuracies. Our report highlights math errors, identical data reported across years, and changes in reported numbers without explanation (p. 29). These errors were not due to "a change in [OIG] reporting metrics" as stated in the Agency Response Plan.
- Did not adequately detail what the office will do to fulfill some recommendations. The OIG did not outline what it will do to fulfill Recommendation 1.4, Recommendation 2.1, and Recommendation 2.3. As a result, we are unconvinced meaningful change will occur.

Respectfully,

Kade R. Minchey, CIA, CFE
Auditor General
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