Ensuring Accountability in DHHS Programs
Overview of Audit, Fraud & Program Integrity

DHHS Division of Audit
Office for Family Independence, Fraud Investigation & Recovery Unit (FIRU)
Office of MaineCare Services, Program Integrity Unit (PIU)

January 15, 2026

Ensuring Accountability in DHHS Programs Introduction and Agenda

Agenda

- DHHS Division of Audit
- OFI Fraud Investigation & Recovery Unit (FIRU)
- OMS Program Integrity Unit (PIU)

DHHS
Division of Audit

Presented by:

Anthony Madden, Deputy Director of Audit

Division of Audit (DOA) – **Roles & Responsibilities**

The Division of Audit performs compliance and cost settlement audits on approximately 600 different provider organizations and/or community agencies that receive over $1.5 billion of State and Federal funds through either the MaineCare program or from contracted services.

- Social Service Audit
- MaineCare Audit

Division of Audit (DOA) – **Social Service Unit**

Key Activities

- Performs financial audit (close out) of DHHS subawards
  - This is not a programmatic compliance audit
- Ensures that subrecipients expending $1,000,000 or more of Federal awards have met the audit requirements of 2 CFR 200
- Issues Management Decision for findings pertaining to Department awards
- Follows up and ensures subrecipients take timely action on findings
- Considers enforcement actions on non-compliant subrecipients

DOA's Social Service Unit – **Authority for Audits**

2 CFR 200

(Uniform Administrative Requirements, Cost Principles, and Audit Requirements)

(Formerly the Single Audit Act)

Maine Uniform Accounting & Auditing Practices for Community Agencies

(MAAP - MRS Title 5, Chapter 148-C)

DOA's Social Service Unit – **Enforcement Actions**

When subrecipients are non-compliant, DOA may:

- Suspend contract payments until compliance.
- Recall all funding until compliance.

This only occurs after multiple communications with subrecipients.

- Including reminder letters regarding the non-compliance.

Notify program office prior to enforcement actions.

- If financial non-compliance, could be programmatic non-compliance.

DOA's Social Service Unit – **Potential Fraud**

If fraud is suspected, the Division of Audit's process is to refer the Provider to the appropriate authority

- DHHS Program Integrity Unit
- Office of the Inspector General
- Office of the Attorney General

Division of Audit (DOA) – **MaineCare Unit**

- Perform annual financial audits of cost-settled MaineCare providers.
  - Cost-settled providers include:
    - Hospitals
    - Nursing facilities
    - Intermediate care facility for individuals with intellectual disabilities
    - Residential care facilities appendix c (medical and remedial service)
    - Private non-medical institutions appendix e (community residences for persons with mental illness)
  - Validate that provider costs are accurate and in compliance with regulations.
  - This is not a programmatic compliance audit.

DOA's MaineCare Unit – **Authority for Audits**

- 42 CFR Chapter IV (Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services)
- CMS Programmatic rules (Provider Reimbursement Manual)
- 10-144 Department of Health and Human Services, Chapter 101 (MaineCare Benefits Manual)

DOA's MaineCare Unit – **Enforcement Actions**

- When cost-settled MaineCare Providers are non-compliant, the Division of Audit may:
  - Suspend MaineCare payments until the Provider files an acceptable cost report and supporting documentation. When payments resume, a 90% deficiency rate is applied for the time period of the suspension.
  - Recall all funding until the Provider is compliant.
  - Deem costs for unsupported documentation as unallowable during the audit.
  - This only occurs after multiple communications with the Provider including reminder letters regarding filing deadlines and communications about non-filing and/or unsupported costs.

DOA's MaineCare Unit – **Potential Fraud**

If fraud is suspected, the Division of Audit's process is to refer the Provider to the appropriate authority

- DHHS Program Integrity Unit
- OAG Maine Healthcare Crimes Unit
- Office of the Inspector General

Questions for DHHS Division of Audit

Office for Family Independence
Fraud Investigation & Recovery Unit (FIRU)

Presented by:

Tom Roth, FIRU Director

Office for Family Independence (OFI) – **Fraud Investigation and Recovery Unit**

OFI's Fraud Investigation and Recovery Unit (FIRU) examines allegations of fraud and pursues administrative or criminal sanctions in cases of intentional program misuse.

- 15 investigators across Maine, one administrative support person, and one Director.

Mission statement: The Fraud Investigation and Recovery Unit is committed to protect and serve the public interest by increasing awareness, improving the detection, civil and criminal prosecution, and prevention of welfare fraud and abuse.

Office for Family Independence (OFI) – **What is considered "Fraud"?**

Fraud within OFI is when individual beneficiaries intentionally misuse programs such as MaineCare, SNAP, and TANF.

Misuse can happen through:

- Withholding information or giving false or inaccurate information, or
- Using public assistance benefits in an impermissible way.

Office for Family Independence (OFI) – **FIRU Investigations and Functions**

Front-End Investigations (New Applications)

- Screening of new applications to identify potential issues before benefits are issued. *(e.g., income discrepancies, household composition, residence location).*

Intentional Program Violations (IPV) Investigations

- Administrative violations with lower evidentiary burden; results in sanctions and repayment. *(e.g., EBT misuse, such as use of deceased persons or incarcerated individuals EBT card).*

Criminal Investigations

- Attorney General cases include Theft by Deception, Unsworn Falsification, and Forgery. *(e.g. household composition, unreported income).*

Other FIRU functions

- Subpoena service
- IPV hearing notice service
- Law enforcement joint cases

Office for Family Independence (OFI) – **FIRU by the Numbers**

- In 2025, FIRU:
  - FIRU received 890 tips, complaints, and referrals for fraud, over 2/3 from internal sources.
  - FIRU completed 52 Intentional Program Violation investigations.

Office for Family Independence (OFI) – **Cases referred for Prosecution** (2024 & 2025)

	Office of the Attorney General	**District Attorney**	**Federal**	**Intentional Program Violations**
2024	5 ($134,949)	51 ($13,775)	3 ($470,299)	164
2025	3 ($21,549)	28 ($7,359)	7 ($148,474)	52

Office for Family Independence (OFI) – **EBT Theft**

- **Electronic EBT theft** is continuing to rise and FIRU's ability to investigate is impacted when it occurs out of state
  - Benefits have been stolen by organizations "cloning" EBT cards and "phishing" for card and PIN numbers – typically done out of state
  - There have been instances of "skimming" in state at local grocery stores
  - Seeking new technology and to leverage Federal Fraud Prevention Grant next year to focus on this area
  - FIRU works closely with federal agencies when matters occur out of state

Office for Family Independence (OFI) – **How to Report Fraud**

If you are looking to report allegations of fraud, or attempted fraud, involving funds administered by Maine DHHS:

Option 1

- Complete the Online Reporting Form

Option 2

- Email fraud.dhhs@maine.gov

Option 3

- Call the Fraud Hotline: 1-866-348-1129

Questions for OFI's Fraud Investigation & Recovery Unit (FIRU)

Office of MaineCare Services
Program Integrity Unit

Presented by:

William Logan, Associate Director of Compliance

Office of MaineCare Services (OMS) – **Program Integrity Unit Overview**

- Program Integrity Unit is responsible for various surveillance and referral activities for Maine's Medicaid program. *(i.e. MaineCare)*
- The Program Integrity Unit (PIU) at OMS currently has 11 full time positions:
  - 1 Program Integrity Manager
  - 7 Program Integrity Analysts
  - 1 Program Integrity Surveillance Nurse (RN)
  - 1 Planning & Research Associate – supports Exclusion process and others
  - 1 Office Associate – complaint intake, mail, scanning

Office of MaineCare Services (OMS) – **Purpose of Program Integrity Unit (PIU)**

- **Title 42 CFR Part 455 – Program Integrity: Medicaid**
  - Sections 455.13 – 455.23
  - All states/territories participating in Medicaid are required to have a Program Integrity Unit
- **MaineCare Benefits Manual (MBM) Chapter I, Section 1**
  - Safeguard the Medicaid program against fraud, waste, or abuse
  - Section 1.18: Program Integrity Authority
  - Section 1.20-1: Grounds for Sanctions/Recoupments
  - Section 1.20-2: Sanction Actions

OMS' Program Integrity Unit – **Cases Referred to PIU**

Program Integrity Cases come from a variety of sources including:

- Complaints received from various sources (e.g. public, law enforcement, other state agencies, etc.)
- A scheduled review of the underlying service or provider type
- Data Analytics
- Explanation of Medical Benefits (EOMB) letter responses
- Electronic Visit Verification (EVV) data

OMS' Program Integrity Unit – **PIU Actions**

- Post-payment reviews of MaineCare providers
  - Most often desk reviews, occasional on-site reviews (typically unannounced)
- Detection of fraud, waste, and abuse of the MaineCare program
- Referrals to Healthcare Crimes Unit in the Office of the Attorney General if fraud or other criminal activity is suspected
- Collaborates with the regional federal Unified Program Integrity Contractor (UPIC), including routine coordination and case-specific engagement as needed.
- Payment suspensions
- Exclusions of individuals from the MaineCare program
- Member verification of services *(EOMB letters)*
- Referrals to other entities (*Licensing boards, Adult Protective Services, Child Protective Services, etc.)*

OMS' Program Integrity Unit –
Defining Fraud, Waste & Abuse

Fraud

- Defined as wrongful or criminal deception intended to result in financial or personal gain. Fraud includes false representation of fact, making false statements, or by concealment of information.

Waste

- Defined as the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment (or potential detriment) of the U.S. government.

Abuse

- Defined as excessive or improper use of a thing, or to use something in a manner contrary to the natural or legal rules for its use. Abuse can occur in financial or non-financial settings

OMS' Program Integrity Unit – **PIU Provider Reviews**

General overview of review process

- PIU requests records from the provider
- PIU reviews those records against claims billed to MaineCare and applicable requirements in the MBM
- **No violations** = PIU will send the provider a letter indicating "no significant findings" and close the case
- **Violation(s)** = PIU will issue a Notice of Violation (NOV) explaining the violations with a detailed spreadsheet of all claims reviewed and any sanctions imposed on each claim
  - PIU may send a "Draft NOV" in certain circumstances

OMS' Program Integrity Unit –
What Is Assessed in PIU Reviews

- Lack of documentation or inadequate documentation
- Services billed but not provided
- Impossible days
- Staff qualifications
- Coding issues or upcoding
- Overbilling units
- Lack of service or specific diagnosis
- Patterns or outliers in data

OMS' Program Integrity Unit – **Sanctions for Violations**

Recoupment – primary sanction imposed against providers

- 100% recoupment on a claim if the provider cannot demonstrate that it delivered a medically necessary, MaineCare covered service to an enrolled member
- A penalty of 25% where a provider's records lack a required member/guardian signature
- A penalty up to 20% recoupment on a claim where there is a "documentation error" but the provider can demonstrate that it provided a medically necessary, MaineCare Covered Service to an enrolled member

Other available sanctions

- Corrective Action Plans; Suspension of referrals; Limitations on members served or service locations; Termination or Exclusion, etc.

OMS' Program Integrity Unit – Credible Allegations of Fraud

Receive an Allegation or Complaint of Fraud & Conduct a Preliminary Investigation

- Sources can include fraud hotline complaints, claims data mining, or patterns identified through provider audits, civil false claims, and law enforcement investigations.
- PIU must review all allegations, facts, and evidence carefully to determine the validity of an allegation.

Suspend Payments or Document a Good Cause Exception Not to Suspend

- PIU must suspend all Medicaid payments to a provider if it determines there is a credible allegation of fraud unless it has good cause not to suspend, or to suspend only in part.
- PIU follows the procedures in the MBM to analyze and document good cause exceptions.

OMS' Program Integrity Unit – Credible Allegations of Fraud *(continued)*

Good Cause

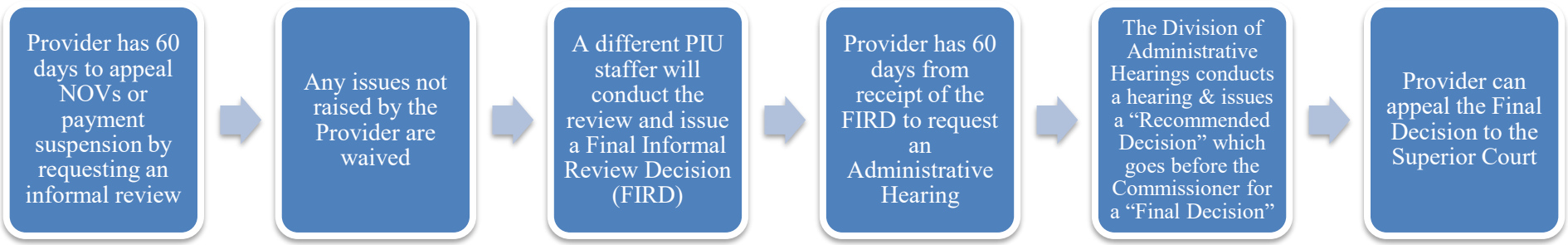
- PIU can determine Good Cause exists to not impose a payment suspension for several reasons:
  - Law enforcement requests no suspension be imposed during its investigation;
  - Other remedies exist to protect Medicaid funds;
  - PIU determines the suspension should be removed based on written evidence from the provider
  - Member access would be jeopardized in specific circumstances (ex. sole community provider);
  - Law Enforcement declines to certify the matter continues to be under investigation; or
  - PIU determines a payment suspension is not in the best interests of the MaineCare program

Follow Up

- Payment suspensions are intended to be temporary in nature. They may be continued until the investigation and any associated law enforcement proceedings are completed.
- On a quarterly basis, PIU requests a certification from the MFCU that a referral continues to be under investigation thus warranting continuation of the payment suspension.

PIU refers all credible allegations of fraud to the Healthcare Crimes Unit, which is the State's Medicaid Fraud Control Unit (MFCU) in the OAG

OMS' Program Integrity Unit – **Appeals**



OMS' Program Integrity Unit – **Collection of Overpayments**

Any recoupment debt becomes "final" 30 days after the end of any appeals period

- The Department cannot begin collection efforts before then

Debts are collected by the DHHS Financial Service Center, not PIU

Debts are generally collected through payment plans or through an involuntary offsetting against the provider's future MaineCare payments

OMS' Program Integrity Unit – **How to Report Fraud**

To report allegations of fraud, or attempted fraud, involving funds administered by MaineCare:

Option 1

Complete the Online Reporting Form.

Option 2

- Email PI.DHHS@maine.gov

Option 3

- Call the Fraud Hotline: 1-866-348-1129 or (207) 287-4660

Available options listed on: maine.gov/dhhs/oms/providers/program-integrity

OMS' Program Integrity Unit – **Factors to Keep in Consideration**

Things to Know

- PIU collaborates as much as possible, but the ability to share details of a review may be limited
- If PIU makes referral to HCU, details of any active investigation may not be shared even with PIU

Member Fraud

- PIU does not review/investigate claims of member fraud
- OFI does through the Fraud Investigation and Recovery Unit

What is a PI Review Looking At?

- PIU reviews/audits to requirements in the MBM and MaineCare Provider Agreement
- PIU does not review for compliance with Licensing or other rules unless specifically incorporated by the MBM

Patience

- PIU reviews can take a significant amount of time
- PIU cannot always control when new referrals/cases come in

Questions for OMS' Program Integrity Unit (PIU)

Thank You