

**Representative Ryan D. Wilcox** proposes the following substitute bill:

**MEDICAID INSPECTOR GENERAL AMENDMENTS**

2013 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ryan D. Wilcox**

Senate Sponsor: Stuart C. Reid

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**LONG TITLE**

**General Description:**

This bill moves the Office of Inspector General of Medicaid Services from the Governor's Office of Planning and Budget into the State Auditor's Office.

**Highlighted Provisions:**

This bill:

- ▶ places the Office of Inspector General of Medicaid Services in the State Auditor's Office;
- ▶ permits the state auditor to appoint the inspector general of Medicaid services;
- ▶ establishes the term of office for the inspector general of Medicaid services;
- ▶ permits the state auditor to appoint a temporary inspector general of Medicaid services; and
- ▶ requires the inspector general of Medicaid services to make recommendations to the Legislature and the governor.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides an immediate effective date.

**Utah Code Sections Affected:**



26 AMENDS:

27 **63J-4-202**, as last amended by Laws of Utah 2011, Chapter 151

28 **63J-4a-201**, as enacted by Laws of Utah 2011, Chapter 151

29 **63J-4a-202**, as enacted by Laws of Utah 2011, Chapter 151

30 **63J-4a-502**, as enacted by Laws of Utah 2011, Chapter 151

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32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **63J-4-202** is amended to read:

34 **63J-4-202. Appointment of director and state planning coordinator.**

35 (1) (a) The governor shall appoint, to serve at the governor's pleasure:

36 (i) a director of the Governor's Office of Planning and Budget; and

37 (ii) a state planning coordinator.

38 (b) The state planning coordinator is considered part of the office for purposes of  
39 administration.

40 (2) The governor shall establish the director's salary within the salary range fixed by  
41 the Legislature in Title 67, Chapter 22, State Officer Compensation.

42 [~~(3) (a) In accordance with Section 63J-4a-201, the governor shall appoint, with the  
43 advice and consent of the Senate, the inspector general of the Office of Inspector General of  
44 Medicaid Services.]~~

45 [~~(b) The Office of Inspector General of Medicaid Services is considered part of the  
46 office for purposes of administration.]~~

47 Section 2. Section **63J-4a-201** is amended to read:

48 **63J-4a-201. Creation of office -- Inspector general -- Appointment -- Term.**

49 (1) There is created, within the [~~Governor's Office of Planning and Budget~~] State  
50 Auditor's Office, the Office of Inspector General of Medicaid Services.

51 (2) The [~~governor~~] state auditor shall appoint the inspector general[~~, with the advice~~  
52 ~~and consent of the Senate~~] of Medicaid services.

53 (3) A person appointed as the inspector general of Medicaid services shall:

54 (a) be a certified public accountant or a certified internal auditor; and

55 (b) have the following qualifications:

56 (i) a general knowledge of the type of methodology and controls necessary to audit,

57 investigate, and identify fraud, waste, and abuse;

58 (ii) strong management skills;

59 (iii) extensive knowledge of, and at least seven years experience with, performance  
60 audit methodology;

61 (iv) the ability to oversee and execute an audit; and

62 (v) strong interpersonal skills.

63 (4) ~~H~~→ (a) ←~~H~~ The inspector general[?] of Medicaid services shall, except as provided by

64 Subsection (5), serve a term of two years beginning on January 1 of an even year and ending on

65 December 31 of the subsequent odd year.

65a ~~H~~→ (b) The state auditor may remove the inspector general of Medicaid services for

65b cause. ←~~H~~

66 [~~(a) shall serve a term of two years; and]~~

67 [~~(b) may be removed by the governor, for cause.]~~

68 [~~(5) If the inspector general is removed for cause, a new inspector general shall be~~

69 ~~appointed, with the advice and consent of the Senate, to serve a two-year term.]~~

70 (5) The state auditor shall appoint a temporary inspector general of Medicaid services

71 to serve from August 1, 2013 through December 31, 2013.

72 Section 3. Section **63J-4a-202** is amended to read:

73 **63J-4a-202. Duties and powers of the inspector general of Medicaid services and**

74 **office.**

75 (1) The inspector general of Medicaid services shall:

76 (a) administer, direct, and manage the office;

77 (b) inspect and monitor the following in relation to the state Medicaid program:

78 (i) the use and expenditure of federal and state funds;

79 (ii) the provision of health benefits and other services;

80 (iii) implementation of, and compliance with, state and federal requirements; and

81 (iv) records and recordkeeping procedures;

82 (c) receive reports of potential fraud, waste, or abuse in the state Medicaid program;

83 (d) investigate and identify potential or actual fraud, waste, or abuse in the state

84 Medicaid program;

85 (e) consult with the Centers for Medicaid and Medicare Services and other states to

86 determine and implement best practices for discovering and eliminating fraud, waste, and

87 abuse of Medicaid funds;

88 (f) obtain, develop, and utilize computer algorithms to identify fraud, waste, or abuse  
89 in the state Medicaid program;

90 (g) work closely with the fraud unit to identify and recover improperly or fraudulently  
91 expended Medicaid funds;

92 (h) audit, inspect, and evaluate the functioning of the division to ensure that the state  
93 Medicaid program is managed in the most efficient and cost-effective manner possible;

94 (i) regularly advise the department and the division of an action that should be taken to  
95 ensure that the state Medicaid program is managed in the most efficient and cost-effective  
96 manner possible;

97 (j) refer potential criminal conduct, relating to Medicaid funds or the state Medicaid  
98 program, to the fraud unit;

99 (k) determine ways to:

100 (i) identify, prevent, and reduce fraud, waste, and abuse in the state Medicaid program;  
101 and

102 (ii) recoup costs, reduce costs, and avoid or minimize increased costs of the state  
103 Medicaid program;

104 (l) seek recovery of improperly paid Medicaid funds;

105 (m) track recovery of Medicaid funds by the state;

106 (n) in accordance with Section [~~63J-4a-501~~] 63J-4a-502:

107 (i) report on the actions and findings of the inspector general; and

108 (ii) make recommendations to the Legislature and the governor;

109 (o) provide training to agencies and employees on identifying potential fraud, waste, or  
110 abuse of Medicaid funds; and

111 (p) develop and implement principles and standards for the fulfillment of the duties of  
112 the inspector general, based on principles and standards used by:

113 (i) the Federal Offices of Inspector General;

114 (ii) the Association of Inspectors General; and

115 (iii) the United States Government Accountability Office.

116 (2) The office may conduct a performance or financial audit of:

117 (a) a state executive branch entity or a local government entity, including an entity  
118 described in Subsection 63J-4a-301(3), that:

- 119 (i) manages or oversees a state Medicaid program; or
- 120 (ii) manages or oversees the use or expenditure of state or federal Medicaid funds; or
- 121 (b) Medicaid funds received by a person by a grant from, or under contract with, a state
- 122 executive branch entity or a local government entity.
- 123 (3) The inspector general of Medicaid services, or a designee of the inspector general
- 124 of Medicaid services within the office, may take a sworn statement or administer an oath.

125 Section 4. Section **63J-4a-502** is amended to read:

126 **63J-4a-502. Report and recommendations to governor and Executive**  
127 **Appropriations Committee.**

128 (1) The inspector general of Medicaid services shall, on an annual basis, prepare a  
129 written report on the activities of the office for the preceding fiscal year.

130 (2) The report shall include:

131 (a) non-identifying information, including statistical information, on:

- 132 (i) the items described in Subsection 63J-4a-202(1)(b) and Section 63J-4a-204;
- 133 (ii) action taken by the office and the result of that action;
- 134 (iii) fraud, waste, and abuse in the state Medicaid program;
- 135 (iv) the recovery of fraudulent or improper use of state and federal Medicaid funds;
- 136 (v) measures taken by the state to discover and reduce fraud, waste, and abuse in the
- 137 state Medicaid program;

138 (vi) audits conducted by the office; and

139 (vii) investigations conducted by the office and the results of those investigations;

140 (b) recommendations on action that should be taken by the Legislature or the governor

141 to:

142 (i) improve the discovery and reduction of fraud, waste, and abuse in the state

143 Medicaid program;

144 (ii) improve the recovery of fraudulently or improperly used Medicaid funds; and

145 (iii) reduce costs and avoid or minimize increased costs in the state Medicaid program;

146 (c) recommendations relating to rules, policies, or procedures of a state or local

147 government entity; and

148 (d) services provided by the state Medicaid program that exceed industry standards.

149 (3) The report described in Subsection (1) may not include any information that would

150 interfere with or jeopardize an ongoing criminal investigation or other investigation.

151 (4) ~~[The]~~ On or before October 1 of each year, the inspector general of Medicaid  
152 services shall provide the report described in Subsection (1) to the Executive Appropriations  
153 Committee of the Legislature and to the governor ~~[on or before October 1 of each year].~~

154 (5) The inspector general of Medicaid services shall present the report described in  
155 Subsection (1) to the Executive Appropriations Committee of the Legislature before November  
156 30 of each year.

157 Section 5. **Effective date.**

158 If approved by two-thirds of all the members elected to each house, this bill takes effect  
159 upon approval by the governor, or the day following the constitutional time limit of Utah  
160 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,  
161 the date of veto override.