



Minnesota Department of Human Services
Elmer L. Andersen Building
Temporary Commissioner Shireen Gandhi
Post Office Box 64998
St. Paul, Minnesota 55164-0998

October 27, 2025

Caprice Knapp, Acting Director
Center for Medicaid and CHIP Services
7500 Security Boulevard
Baltimore, MD 21244
caprice.knapp@cms.hhs.gov

via Email only

Dear Ms. Knapp:

On behalf of the Minnesota Department of Human Services (DHS), I write to update you on the state's efforts to strengthen program integrity measures in its Medicaid program. Earlier this year, DHS worked to identify vulnerabilities across the state's Medicaid program and developed mitigation strategies to increase fiscal oversight and protect Minnesotans' access to needed services. This analysis identified providers of 14 additional Medicaid service types as high-risk based on programmatic vulnerabilities, evidence of fraudulent activity, or data analytics that revealed potentially suspicious patterns, claim anomalies, or outliers.

Federal law requires state Medicaid agencies to establish categorical risk levels for providers that pose an increased risk of fraud, waste, or abuse. Effective immediately, DHS is designating providers of nine additional Medicaid services as high risk based on a review of agency information. This designation requires providers to undergo additional screening measures both at the time of enrollment and during revalidation. These screening measures include pre-enrollment site visits, unannounced site visits, criminal background checks, and fingerprinting of those with an ownership stake. These additional program screening activities are critical to protecting Medicaid against fraudulent and abusive providers.

Existing claims edits and "pay and chase" post-payment review processes alone have not sufficiently addressed inappropriate and fraudulent billing in our programs. As part of a comprehensive approach to addressing program vulnerabilities, DHS is also implementing a new prepayment review process that could potentially pause fee-for-service claims payments for up to 90 days in these high-risk services. This additional review safeguards Medicaid funds before payment is issued and is consistent with CMS and industry best practices to address fraudulent and error prone claims. In taking this action, DHS will work closely with a third-party vendor to ensure compliance with state and federal requirements for timely claims payment.

We appreciate the ongoing support from your team as we work expeditiously to improve program integrity and protect taxpayer funds while balancing the service needs of the people of Minnesota. We will continue working closely and collaboratively with CMS as well as with partners in our state on additional measures to strengthen our state's health care programs. If you have further questions, please contact John Connolly, State Medicaid Director and Deputy Commissioner, Minnesota Department of Human Services at 651-431-2907.

Sincerely,

A handwritten signature in black ink, reading "Shireen K. Gandhi". The signature is fluid and cursive, with a large, stylized "S" and "G".

Shireen Gandhi
Temporary Commissioner