

Office of Medicaid Fraud and Abuse Control

Presentation to the Medicaid Oversight and
Advisory Board

December 10, 2025



**ATTORNEY GENERAL
RUSSELL COLEMAN**

Medicaid Fraud Control Units

- 53 MFCUs in the United States. Each of the 50 states has a MFCU, in addition to Washington DC, Puerto Rico, and the Virgin Islands.
- MFCUs are governed by federal statutes and regulations, in addition to the laws and regulations of a MFCU's home state.
- MFCUs are law enforcement agencies.

Role and Composition of the MFCU

- MFCU investigates and prosecutes Medicaid provider fraud, and the abuse, neglect or exploitation of vulnerable adults in facility-based settings.
- MFCU currently consists of 8 prosecutors, 17 detectives, 4 auditors and 4 administrative/support staff.

MFCU Detectives

- MFCU detectives investigate (1) Medicaid provider fraud, and (2) adult abuse, neglect, or exploitation when it occurs in facility settings. The investigations are conducted on their own or in collaboration with federal law enforcement.
- There are 17 total MFCU detectives.
 - 7 in the Eastern half of the state
 - 7 in the Western half of the state
 - 3 Detective Managers

MFCU Audit Staff

- MFCU audit staff can query and analyze claims submitted by Medicaid providers to support investigations.
- MFCU audit staff can identify a Medicaid loss amount and trends in data over time.

MFCU Prosecutors

- Prosecutors are assigned to each active investigation.
- Prosecutors present cases to grand juries throughout the Commonwealth and collaborate with local Commonwealth Attorney's.
- Prosecutors work together with federal prosecutors, facilitate communications with DMS and the Medicaid Managed Care Organizations ("MCOs").

Coordination with Department for Medicaid Services

- Monthly meeting with DMS and the Division of Audits and Investigations for the Office of the Inspector General (“OIG”).
- Communications between the MCOs and the MFCU are routed through DMS. DMS assists with MFCU requests for information to the MCOs. DMS also facilitates stand-down list inquiries from the MCOs to the MFCU.
- The MFCU, the OIG and DMS have monthly referral meetings and participate in communications with the MCOs and federal law enforcement.

Examples of Medicaid Fraud

- Behavioral health services fraud
- Medicaid waiver participant directed services fraud and Medicaid waiver traditional services fraud
- Medically assisted treatment fraud (suboxone)
- Charging patients cash for Medicaid services
- Controlled substances violations and other prescription fraud where prescriptions are being billed to the Medicaid Program
- Vision Services Fraud

Fraud Estimates

- In 2024, CMS estimated 5% of Medicaid payments were improper payments. CMS estimated that the vast bulk of these payments were related to fee for service and not MCO payments.
- All fraudulent payments are improper payments, but not all improper payments are fraud.
- No hard data.

Observable Trends in Medicaid Fraud

- In recent years, the MFCU has seen an increase in several areas. One of those areas of concern is behavioral health.
- The number of behavioral health cases the MFCU has received coincides with increased spending on behavioral health services.
- DMS has instituted limitations on Psychoeducation (H2027) and Peer Support Services (H0038) and this is reflected in the 2025 claims data. While there has been a massive decrease in H2027 spending at the individual level, group H2027 services (indicated by the HQ modifier) have spiked in 2025.

Medicaid Paid Amounts by Year - Behavioral Health Multi-Specialty Group and Behavioral Health Service Organization (BHSO) Provider Types Only

Procedure Code	Procedure Description	2020	2021	2022	2023	2024	2025	Total
90832	Psytx W Pt 30 Minutes	\$6,611,890.95	\$6,838,504.97	\$8,483,671.31	\$8,215,898.42	\$8,041,369.78	\$6,573,352.42	\$44,764,687.85
90834	Psytx W Pt 45 Minutes	\$3,546,745.11	\$4,605,344.04	\$5,070,660.53	\$4,712,152.35	\$5,062,755.75	\$4,370,114.00	\$27,367,771.78
90837	Psytx W Pt 60 Minutes	\$34,240,136.52	\$42,066,115.32	\$47,616,263.83	\$51,819,721.36	\$53,606,587.35	\$45,750,469.90	\$275,099,294.28
90853	Group Psychotherapy	\$2,473,693.51	\$1,812,679.18	\$2,105,802.58	\$1,807,133.33	\$1,152,965.11	\$927,808.01	\$10,280,081.72
H0038	Self-Help/Peer Svc Per 15min	\$12,221,826.34	\$25,261,421.70	\$35,106,142.39	\$40,728,630.42	\$13,616,837.25	\$5,898,359.11	\$132,833,217.21
H0038 HQ	Self-Help/Peer Svc Per 15min	\$2,334,789.63	\$4,912,834.84	\$7,341,358.52	\$10,996,848.14	\$15,267,043.94	\$8,745,176.24	\$49,598,051.31
H2019	Ther Behav Svc, Per 15 Min	\$635,245.97	\$640,291.18	\$961,180.32	\$1,447,722.89	\$2,204,976.29	\$2,164,908.26	\$8,054,324.91
H2020	Ther Behav Svc, Per Diem	\$5,664,258.61	\$10,423,584.36	\$18,763,379.91	\$30,591,158.02	\$40,523,059.44	\$47,640,180.00	\$153,605,620.34
H2027	Psychoed Svc, Per 15 Min	\$8,240,029.84	\$13,426,076.56	\$16,642,974.58	\$34,387,066.96	\$163,540,274.93	\$14,450,447.41	\$250,686,870.28
H2027 HQ	Psychoed Svc, Per 15 Min	\$4,093.08	\$12,157.30	\$13,139.65	\$314,736.69	\$2,022,908.52	\$38,143,206.85	\$40,510,242.09
Totals		\$75,972,709.56	\$109,999,009.45	\$142,104,573.62	\$185,021,068.58	\$305,038,778.36	\$174,664,022.20	\$992,800,161.77

Contact Information

Rewa Zakharia, Criminal Chief

Rewa.Zakharia@ky.gov

Matthew H. Kleinert, Executive Director

MatthewH.Kleinert@ky.gov