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Senate

State of Minnesota

Senator Mike Parry
Chair – State Government Innovation and Veterans
309 State Capitol Bldg.
75 Martin Luther King Jr. Blvd
St. Paul, MN 55155

Senator Claire Robling
Chair – Finance Committee
226 State Capitol Bldg.
75 Martin Luther King Jr. Blvd
St. Paul, MN 55155

Senator David Hann
Chair – Health and Human Services Committee
328 State Capitol Bldg.
75 Martin Luther King Jr. Blvd
St. Paul, MN 55155

Dear Senators Parry, Robling and Hann,

April 17, 2012

As you might be aware, I have been keenly interested this year in the relationship between our State Department of Human Services (DHS) and the contracting with state HMO's relative to our Prepaid Medical Assistance Program and both federal Medicaid and state run public health programs.

Reports from both the Federal Government Accountability Office (GAO) and our own Office of Legislative Auditor have recognized a lack of adequate verification of the reports and audits the states and the HMO Health Plans provide to the Centers for Medicaid and Medicare Services (CMS), the agency with Federal oversight of these programs. The GAO report warned of the potential for billions of tax dollars being lost to waste, fraud and abuse as a result. The Legislative Auditor for Minnesota, Jim Nobles recommended closer scrutiny and oversight by the State of Minnesota into the Prepaid Medical Assistance Program for similar reasons.

Just recently it came to light that the Department of Human Services and Commissioner Lucinda Jesson, withheld an important letter from both the Legislative Auditor and U.S. Senator Charles Grassley, ranking Minority Leader of the U.S. Senate Judiciary Committee. Both of those offices requested from DHS and Commissioner Jesson all correspondence between DHS and CMS regarding the \$30 million



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dollars returned to the State of Minnesota last year from UCare, one of the HMOs contracted to provide Medicaid services in Minnesota. The letter that DHS withheld is attached for your reference and is dated July 1, 2011. In that letter CMS informed Commissioner Jesson that they expected their portion of that \$30 million dollars would be returned to the Federal Government.

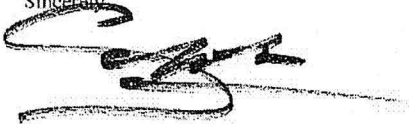
Commissioner Jesson's handling of this matter raises serious questions about intentional lack of transparency and accountability at DHS. I am requesting that you as a Committee Chair with jurisdiction over this area consider holding an oversight hearing. I believe that is necessary to ensure the legislature is doing its due diligence for residents and taxpayers of Minnesota. At minimum, I believe the following questions need to be answered:

1. What did DHS and Commissioner Jesson know about the Federal Government's expectation of the Federal Government, that their portion of the \$30 million from UCare be returned?
2. Why did DHS and Commissioner Jesson fail to comply with state law by failing to provide the CMS letter to the Legislative Auditor, and why was he told no letter existed?
3. Why did DHS and Commissioner Jesson fail to comply with Federal law and not return the Federal portion of the \$30 million from UCare within 60 days?
4. Why did DHS and Commissioner Jesson choose not to inform legislators in July of 2011 that the DHS owed the money to the Federal Government, when that letter was received PRIOR to a final budget agreement in July?
5. Why in the last 8 months since receiving the letter from CMS did DHS and Commissioner Jesson choose not disclose that it existed?
6. Why did the Commissioner testify on February 14th, 2012 at the Joint House HHS Finance and Reform Hearing that she had told CMS about the UCare payment and strongly implied that the CMS was in agreement- in direct contradiction to the message in the CMS letter from July 2011?

There are many, many more questions around this situation which need answers, but at a minimum we need answers to these. The obfuscation, evasion and intentional withholding of important budgetary information by DHS and Commissioner Jesson demonstrates the absolute need for what I have been proposing- an INDEPENDENT third party forensic audit of the Prepaid Medical Assistance Program.

I strongly urge you to hold oversight hearings immediately so that the public trust in government is not further eroded by this serious matter.

Sincerely,



Sean Nienow
State Senator
District 17