

**Minnesota Department of Human Services Temporary Commissioner John Connolly**

*Testimony before the U.S. House of Representatives Committee on Energy & Commerce,  
Subcommittee on Oversight & Investigations*

*June 25, 2026*

Chairman Joyce, Ranking Member Clarke, and Members of the Subcommittee, thank you for the opportunity to be here today and for your continued engagement on the important issue of Medicaid integrity.

The programs administered by the Minnesota Department of Human Services (“DHS”) are essential to the health, stability, and economic security of communities across Minnesota. They provide critical support to children, families, seniors, and individuals with disabilities, ensuring access to health care, and other foundational services. These programs are not abstract policy initiatives—they are lifelines that reach over a million Minnesotans, strengthen families, reduce hardship, and promote opportunity. In communities both large and small, DHS programs play a vital role in ensuring that all Minnesotans have the resources they need to live safe, healthy lives.

As with any government-funded program, bad actors will try to take advantage. But let me be abundantly clear: DHS and the Minnesota government have a zero-tolerance policy for any fraud within our government programs and take any attempts to undermine the integrity of our programs very seriously.

We are taking aggressive measures to secure our Medicaid program. DHS has conducted over 3,000 investigations and identified more than \$50 million for recovery since 2020, resulting in over 500 cases referred to law enforcement. And as DHS continues its work to reduce fraud, it has strengthened its enforcement capabilities by hiring a new Inspector General with a decade-long record of prosecuting Medicaid fraud and, through newly signed legislation, is expanding his staff to enhance oversight and accountability. Additionally, we have hired a public funds coordinator to better monitor payments to grantees.

Not only have we hired additional personnel to strengthen our oversight, but we have undertaken sweeping efforts to prevent, detect, and refer for prosecution any and all fraud within our programs. I would like to take this opportunity to highlight a few of them. Although our efforts date back many years and long precede the recent limelight, I will focus on the significant progress made over the past two years.

In October 2024, DHS initiated site visits for the Early Intensive Developmental and Behavioral Intervention (“EIDBI”) program and increased scrutiny of EIDBI providers through provider audits and on-site visits. Since then, we have completed 444 onsite visits

to EIDBI service providers, opened 73 new EIDBI investigations, made 25 EIDBI law-enforcement referrals, and imposed 35 EIDBI administrative sanctions.

In January 2025, Governor Tim Walz signed an executive order creating a fraud-investigation unit within the Bureau of Criminal Apprehension (“BCA”), a unit that was later codified in law by the state legislature, to which state employees must report suspected fraud. Shortly thereafter, he brought in James Clark as Inspector General. Meanwhile, during the 2025 legislative session, Governor Walz and the legislature enacted significant program-integrity reforms. These reforms expanded authority for other state agencies to issue temporary payment withholds based on evidence of fraud, required EIDBI provider licensure, and created a state anti-kickback law for public programs, among other measures.

In September 2025, Governor Walz issued Executive Order 25-10, further formalizing Minnesota’s statewide anti-fraud strategy. The order, among other things, directed DHS to: (1) publish appropriate program-integrity information; (2) establish a data-driven post-payment review program using advanced analytics and risk scoring; (3) subject risky providers to prepayment review; (4) disenroll inactive Medicaid providers; (5) seek funds to modernize fraud-detection systems; (6) coordinate with federal partners; and (7) retain an external consultant to assess DHS’s organization, systems, staffing, and anti-fraud capabilities.

DHS moved promptly to implement the Executive Order’s directives, beginning with the disenrollment of inactive Medicaid providers who had not billed Medicaid in more than a year. The first round began on October 15, when roughly 800 non-billing providers were disenrolled. Further, DHS has engaged in an enhanced prepayment review in which we review claims more comprehensively before they are paid. This effort entails proactively blocking payments to fraudulent providers at the outset, rather than allowing funds to be disbursed and subsequently attempting to recover them following audits or investigations.

As a part of this enhanced prepayment review, DHS suspends and reviews all fee-for-service claims from 14 high-risk services. We then have a third-party vendor perform a prepayment analysis on these claims using a series of data analytics to identify which claims should be subject to additional review based on issues such as billing errors or program integrity concerns. Claims that do not require further review are released for payment, while others may trigger requests for additional documentation or referral to the Office of Inspector General for potential fraud investigations.

Moreover, since November 2025, DHS has increased transparency around its program-integrity work by publishing a prepayment-review website and program-integrity

dashboard. DHS also implemented a two-year pause on licensing new community-based human-services and adult day-care providers and an enrollment moratorium for providers of the 13 remaining health care programs deemed high risk, while DHS is strengthening oversight of existing providers.

Our work does not stop there. We have also implemented an action plan in consultation with the Centers for Medicare and Medicaid Services. As part of this plan, we completed a five-month comprehensive review of almost 5,600 high-risk Medicaid providers to ensure they meet rigorous eligibility and compliance standards. These high-risk providers were identified based on certain programmatic criteria, evidence of fraudulent activity, or suspicious patterns, claim anomalies, or outliers based on a review of data analytics.

Those providers designated as high risk were required to complete a revalidation, meaning they must verify that their enrollment information, credentials, and practice details were both accurate and complete. And we issued disenrollment notices to providers that did not successfully revalidate.

Importantly, we always do this work with beneficiaries and the broader public in mind. We strive to enhance program integrity while also providing access to care and continuity of services. For instance, DHS has been holding weekly meetings with counties, Managed Care Organizations, and tribal nations to address impacts to Minnesotans who may be directly affected by terminations of providers. Taken together, our actions underscore our commitment to strengthening program integrity while keeping the needs of Minnesotans front and center.

Of course, implementation of these changes has not been without challenges. But DHS remains committed to incorporating feedback—including input from the Subcommittee during today’s hearing—to improve these processes going forward.

That being said, we firmly believe that the actions we have taken—and will continue to take—are tangible measures that will help ensure program integrity while keeping Minnesotans who rely on these programs at the forefront. What does not help these efforts, however, is when the federal government mischaracterizes and weaponizes information against DHS, our efforts, and Minnesota as a whole.

For instance, the House Oversight Committee recently released a report related to its investigation of fraud within Minnesota’s Medicaid programs. As my team at DHS and I continue advancing the efforts that I have just outlined, I believe it is important to take this opportunity to address some of the allegations and mischaracterizations from this report:

- The report’s suggestion that DHS willingly turned a blind eye to fraud because of “pressure to get money out the door” was not corroborated by any current or former DHS official that was asked about the subject during transcribed interviews. In fact, when asked by the Committee whether he felt any pressure to perform at the expense of program integrity, one former official noted that it was “[q]uite the contrary” and that “addressing program integrity concerns was part of managing programs well.” And while the report was quick to quote former DHS Commissioner Jodi Harpstead as saying that “[t]here was always pressure to get the money out,” the report neglected to mention that, in the same breath, Ms. Harpstead testified that “[n]o one ever said don’t worry about oversight.” There will always be both community need and the imperative to have strong program integrity.
- The report’s contention that DHS officials did not take action against fraud for political reasons or due to concerns about being labeled as racist simply does not reflect my experience. In fact, every current and former DHS official that the Committee asked about this during transcribed interviews expressly denied observing or being aware of any state official not pursuing fraud claims due to such considerations.
- Notwithstanding the report’s allegation that DHS personnel flagged particularized fraud concerns that were ignored or intentionally left unaddressed by the Governor’s Office, none of the current or former DHS officials who gave transcribed interviews identified any refusal to tackle fraud. On the contrary, a former Commissioner testified that when he escalated program irregularities to the Governor’s Office, they were “very supportive” of DHS’s antifraud efforts, and sought to help DHS find the “best set of program-integrity tools.”

It simply does not help Minnesotans to have their good-faith efforts to fight fraud mischaracterized and misrepresented by those in federal office. And it does not engender trust that our federal partners are in fact trying to help us better our systems, rather than penalize Minnesotans.

The danger is that these mischaracterizations and misrepresentations do not remain confined to reports or public statements; they can translate into funding decisions that put Minnesotans’ care at risk. In Minnesota, that risk is now very real, with the federal government freezing around \$350 million in Medicaid payments to our state. Medicaid in Minnesota serves over one million people—children, families, seniors, people with disabilities, individuals with serious mental health needs, and others who depend on care to remain safe and stable in their homes and communities. Moreover, Medicaid is a foundation for our entire health care delivery system, and major funding losses threaten to

destabilize care for all Minnesotans. Put differently, this is not an accounting dispute on a spreadsheet. These decisions affect Minnesotans with significant needs—people for whom a missed appointment, a gap in treatment, or an interrupted support service can quickly become a crisis.

A funding freeze of this magnitude puts real people and essential care networks at risk. It places pressure on counties, hospitals, nursing facilities, clinics, behavioral health providers, transportation providers, home- and community-based service providers, and ultimately the people they serve. DHS will continue to pursue fraud aggressively, because every dollar lost to fraud is a dollar that cannot support care for an eligible Minnesotan. But program integrity cannot become a pretext for destabilizing the very services Medicaid exists to provide. Our obligation is to do both: safeguard taxpayer dollars and preserve timely, reliable access to care for Minnesotans who rely on these services every day. We work for both the 1.3 million people in our programs and the 5.8 million people of the state of Minnesota.

I believe strongly in public service, and am proud of the work DHS has undertaken to strengthen program integrity, combat fraud, and ensure that we continue to secure the federal funding that is crucial to our programs and to Minnesotans. And I welcome and encourage continued dialogue with Congress as we continue to strive to safeguard the integrity of Medicaid programs while ensuring timely and continued delivery of services. At the same time, I urge that these discussions remain grounded in facts, as unfounded allegations or unsubstantiated claims risk undermining these shared objectives and may ultimately be counterproductive to strengthening program integrity.

Thank you again for the opportunity to share what we're doing in Minnesota to ensure program integrity in our Medicaid services. I look forward to answering your questions.