

*As Amended by Senate Committee*

*Session of 2024*

**SENATE BILL No. 488**

By Committee on Public Health and Welfare

2-8

1 AN ACT concerning the attorney general; relating to the office of the  
2 inspector general and the powers, duties and responsibilities thereof;  
3 expanding the power of the inspector general to investigate and audit  
4 all state cash, food and health assistance programs; amending K.S.A.  
5 75-7427 and repealing the existing section.

6  
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 75-7427 is hereby amended to read as follows: 75-  
9 7427. (a) As used in this section:

10 (1) "Attorney general" means the attorney general of the state of  
11 Kansas, employees of the attorney general or authorized representatives of  
12 the attorney general.

13 (2) "Benefit" means the receipt of money, goods, items, facilities,  
14 accommodations or anything of pecuniary value.

15 (3) *"Cash assistance" means assistance that is administered and*  
16 *provided by the secretary for children and families to individuals for a*  
17 *family's ongoing basic needs.*

18 (4) "Claim" means an electronic, electronic impulse, facsimile,  
19 magnetic, oral, telephonic or written communication that is utilized to  
20 identify any goods, service, item, facility or accommodation as  
21 reimbursable to ~~the any state medicaid cash, food or health assistance~~  
22 ~~program, or its the state's fiscal agents, the state medikAn program or the~~  
23 ~~state children's health insurance program~~ or which that states income or  
24 expense.

25 ~~(4)~~(5) "Client" means past or present beneficiaries or recipients of ~~the~~  
26 ~~any state medicaid cash, food or health assistance~~ program, ~~the state~~  
27 ~~medikAn program or the state children's health insurance program.~~

28 ~~(5)~~(6) "Contractor" means any contractor, supplier, vendor or other  
29 person who, through a contract or other arrangement, has received, is to  
30 receive or is receiving public funds or in-kind contributions from the  
31 contracting agency as part of ~~the any state medicaid cash, food or health~~  
32 ~~assistance~~ program; ~~the state medikAn program or the state children's~~  
33 ~~health insurance program~~; and shall include *includes* any subcontractor.

34 ~~(6)~~(7) "Contractor files" means those records of contractors ~~which~~  
35 ~~that~~ relate to ~~the any state medicaid cash, food or health assistance~~  
36 ~~program, the state medikAn program or the state children's health~~

1 ~~insurance program.~~

2 (7)(8) "Fiscal agent" means any corporation, firm, individual,  
3 organization, partnership, professional association or other legal entity  
4 ~~which that~~, through a contractual relationship with the state of Kansas,  
5 receives, processes and pays claims under ~~the state medicaid program, the~~  
6 ~~state medikAn program or the state children's health insurance program~~  
7 ~~cash, food or medical assistance programs.~~

8 (8)(9) "Food assistance" means assistance that is administered by the  
9 United States department of agriculture and provided by the secretary for  
10 children and families to individuals for eligible food products.

11 (10) "Health assistance" means the medicaid program, the state  
12 children's health insurance program and the state employee health  
13 benefits plan as established by K.S.A. 75-37,162, and amendments thereto.

14 (11) ~~Health care~~Healthcare provider" means a ~~health care~~ healthcare  
15 provider as defined under K.S.A. 65-4921, and amendments thereto, who  
16 has applied to participate in, who currently participates in, or who has  
17 previously participated in the ~~state medicaid program, the state medikAn~~  
18 ~~program or the state children's health insurance~~ health assistance  
19 program.

20 (9)(12) "Managed care program" means a program ~~which that~~  
21 provides coordination, direction and provision of health services to an  
22 identified group of individuals by providers, agencies or organizations.

23 (10)(13) "Medicaid program" means the Kansas program of medical  
24 assistance for which federal or state moneys, or any combination thereof,  
25 are expended; or any successor federal or state, or both, health insurance  
26 program or waiver *are* granted thereunder.

27 (11)(14) "Person" means any agency, association, corporation, firm,  
28 limited liability company, limited liability partnership, natural person,  
29 organization, partnership or other legal entity, the agents, employees,  
30 independent contractors, and subcontractors, thereof, and the legal  
31 successors thereto.

32 (12)(15) "Provider" means a person who has applied to participate in,  
33 who currently participates in, who has previously participated in, who  
34 attempts or has attempted to participate in the ~~state medicaid program, the~~  
35 ~~state medikAn program or the state children's health insurance program,~~  
36 ~~cash, food or health assistance programs~~ by providing or claiming to have  
37 provided goods, services, items, facilities or accommodations.

38 (13)(16) "Recipient" means an individual, either real or fictitious, ~~in~~  
39 ~~on~~ whose behalf any person claimed or received any payment or payments  
40 from the ~~state medicaid program~~ ~~cash, food or health assistance programs,~~  
41 ~~or its~~ the state's fiscal agent agents, ~~the state medikAn program or the state~~  
42 ~~children's health insurance program,~~ whether or not any such individual  
43 was eligible for benefits under the ~~state medicaid program, the state~~

1 ~~mediKan program or the state children's health insurance program cash,~~  
2 ~~food or health assistance programs.~~

3 ~~(14)(17) "Records" means all written documents and electronic or~~  
4 ~~magnetic data, including, but not limited to, medical records, x-rays,~~  
5 ~~professional, financial or business records relating to the treatment or care~~  
6 ~~of any recipient; goods, services, items, facilities or accommodations~~  
7 ~~provided to any such recipient; rates paid for such goods, services, items,~~  
8 ~~facilities or accommodations; and goods, services, items, facilities or~~  
9 ~~accommodations provided to nonmedicaid recipients to verify rates or~~  
10 ~~amounts of goods, services, items, facilities or accommodations provided~~  
11 ~~to medicaid state cash, food or health assistance recipients, as well as any~~  
12 ~~records that the state medicaid cash, food or health assistance program, or~~  
13 ~~its the state's fiscal agents, the state mediKan program or the state~~  
14 ~~children's health insurance program require providers to maintain.~~  
15 ~~"Records" shall not include any report or record in any format which is~~  
16 ~~made pursuant to K.S.A. 65-4922, 65-4923 or 65-4924, and amendments~~  
17 ~~thereto, and which is privileged pursuant to K.S.A. 65-4915 or 65-4925,~~  
18 ~~and amendments thereto.~~

19 ~~(15)(18) "State children's health insurance program" means the state~~  
20 ~~children's health insurance program as provided in K.S.A. 38-2001 et seq.,~~  
21 ~~and amendments thereto.~~

22 (b) (1) There is hereby established within the office of the attorney  
23 general the office of inspector general. All budgeting, purchasing, related  
24 management functions and personnel of the office of inspector general  
25 shall be administered under the direction and supervision of the attorney  
26 general. The purpose of the office of inspector general is to establish a full-  
27 time program of audit, investigation and performance review to provide  
28 increased accountability, integrity and oversight of the state ~~medicaid~~  
29 ~~program cash, food or health assistance programs, the state mediKan~~  
30 ~~program and the state children's health insurance program~~ and to assist in  
31 improving agency and program operations and in deterring and identifying  
32 fraud, waste, abuse and *other* illegal acts. The office of inspector general  
33 shall be independent and free from political influence and in performing  
34 the duties of the office under this section shall conduct investigations,  
35 audits, evaluations, inspections and other reviews in accordance with  
36 professional standards that relate to the fields of investigation and auditing  
37 in government.

38 (2) (A) The inspector general shall be appointed by the attorney  
39 general with the advice and consent of the senate and subject to  
40 confirmation by the senate as provided in K.S.A. 75-4315b, and  
41 amendments thereto. Except as provided in K.S.A. 46-2601, and  
42 amendments thereto, no person appointed to the position of inspector  
43 general shall exercise any power, duty or function of the inspector general

1 until confirmed by the senate. The inspector general shall be selected  
2 without regard to political affiliation and on the basis of integrity and  
3 capacity for effectively carrying out the duties of the office of inspector  
4 general. The inspector general shall possess demonstrated knowledge,  
5 skills, abilities and experience in conducting audits or investigations and  
6 shall be familiar with the programs subject to oversight by the office of  
7 inspector general.

8 (B) No former or current executive or manager of any program or  
9 agency subject to oversight by the office of inspector general may be  
10 appointed inspector general within two years of that individual's period of  
11 service with such program or agency. *A former or current inspector*  
12 *general shall not be employed as an executive or manager for any*  
13 *program or agency subject to the oversight by the office of the inspector*  
14 *general for a period of two years after such inspector general's period of*  
15 *service as the inspector general has concluded.* The inspector general shall  
16 hold at time of appointment, or shall obtain within one year after  
17 appointment, certification as a certified inspector general from a national  
18 organization that provides training to inspectors general.

19 (C) A person appointed to the position of inspector general shall serve  
20 for a term ~~which~~ *that* shall expire on January 15 of each year in which the  
21 whole senate is sworn in for a new term.

22 (D) The inspector general shall be in the unclassified service and  
23 shall receive an annual salary in an amount equal to the annual salary paid  
24 by the state to a district court judge, except that such compensation may be  
25 increased but not diminished during the term of office of the inspector  
26 general. The inspector general ~~may~~ *shall* be removed from office prior to  
27 the expiration of the inspector general's term of office by the attorney  
28 general for cause. The inspector general shall exercise independent  
29 judgment in carrying out the duties of the office of inspector general under  
30 subsection (b). Appropriations for the office of inspector general shall be  
31 made to the attorney general by separate line item appropriations for the  
32 office of inspector general. The inspector general shall report to the  
33 attorney general.

34 (E) Subject to subsection (b)(1), the inspector general shall have  
35 general managerial control over the office of the inspector general and  
36 shall establish the organization structure of the office as the inspector  
37 general deems appropriate to carry out the responsibilities and functions of  
38 the office.

39 (3) Within the limits of appropriations therefor, *and as provided*  
40 *further*, the attorney general may hire *not more than five* such employees  
41 in the unclassified service ~~as are necessary to administer the office of the~~  
42 ~~inspector general~~. Such employees shall serve at the pleasure of the  
43 attorney general. Subject to appropriations and to subsection (b)(1), the

1 inspector general may obtain the services of certified public accountants,  
2 qualified management consultants, professional auditors, or other  
3 professionals necessary to independently perform the functions of the  
4 office. ***During fiscal year 2025, moneys expended by the attorney  
5 general for the office of the inspector general shall not exceed \$775,456.  
6 The attorney general shall not authorize more than five full-time  
7 employees in fiscal year 2025 in the office of the inspector general.***

8 (c) (1) In accordance with the provisions of this section, the duties of  
9 the office of inspector general shall be to oversee, audit, investigate and  
10 make performance reviews of ~~the any state medicaid cash, food or health  
11 assistance program, the state medikar program and the state children's  
12 health insurance program or their successor programs.~~

13 (2) In order to carry out the duties of the office, the inspector general  
14 shall conduct independent and ongoing evaluation of such programs or  
15 their successor programs, ~~which.~~ *This oversight includes, but is not limited to,*  
16 *the following:*

17 (A) Investigation of fraud, waste, abuse and illegal acts directly  
18 relating to such programs.

19 (B) Audits of state programs, contractors, vendors and ~~health care~~  
20 *healthcare* providers related to ensuring that appropriate payments are  
21 made for services rendered and to the recovery of overpayments.

22 (C) Investigations of fraud, waste, abuse or illegal acts committed by  
23 clients of the programs or by consumers of services of such programs.

24 (D) Monitoring adherence to the terms of any contract between a  
25 state agency and an organization, if any, with which the state agency has  
26 entered into a contract to make claims payments.

27 (3) Upon finding credible evidence of *significant levels* fraud, waste,  
28 abuse or *other* illegal acts, the inspector general shall report ~~its~~ *the* findings  
29 to the attorney general.

30 (d) (1) The inspector general shall have access to all pertinent  
31 information, confidential or otherwise, and to all personnel and facilities of  
32 a state agency, state vendors, contractors and ~~health care~~ *healthcare*  
33 providers and any federal, state or local governmental agency that are  
34 necessary to perform the duties of the office as directly related to such  
35 programs. ~~Access to contractor or health care provider files shall be  
36 limited to those files necessary to verify the accuracy of the contractor's or  
37 health care provider's invoices or their compliance with the contract  
38 provisions or program requirements. No health care provider shall be  
39 compelled under the provisions of this section to provide individual  
40 medical records of patients who are not clients of the state medicaid  
41 program, the state medikar program or the state children's health  
42 insurance program.~~

43 (2) *Access to contractor or healthcare provider files shall be limited*

1 *to those files necessary to verify the accuracy of the contractor's or*  
2 *healthcare provider's invoices or their compliance with the contract*  
3 *provisions or program requirements. No healthcare provider shall be*  
4 *compelled under the provisions of this section to provide individual*  
5 *medical records of patients who are not clients of a state health*  
6 *assistance program.* State and local governmental agencies are authorized  
7 and directed to provide to the inspector general requested information,  
8 assistance or cooperation.

9 (e) Except as otherwise provided in this section, the inspector general  
10 and all employees and former employees of the office of inspector general  
11 shall be subject to the same duty of confidentiality imposed by law on any  
12 such person or agency with regard to any such information; and ~~shall be~~  
13 ~~subject to~~ any civil or criminal penalties imposed by law for violations of  
14 such duty of confidentiality. The duty of confidentiality imposed on the  
15 inspector general and all employees and former employees of the office of  
16 inspector general shall be subject to the provisions of subsection (f), and  
17 the inspector general may furnish all such information to the attorney  
18 general, Kansas bureau of investigation or office of the United States  
19 attorney in Kansas pursuant to subsection (f). Upon receipt thereof, the  
20 attorney general, Kansas bureau of investigation or office of the United  
21 States attorney in Kansas and all assistants and all other employees and  
22 former employees of such offices shall be subject to the same duty of  
23 confidentiality with the exceptions that any such information may be  
24 disclosed in criminal or other proceedings ~~which~~ *that* may be instituted  
25 and prosecuted by the attorney general or the United States attorney in  
26 Kansas, and any such information furnished to the attorney general, the  
27 Kansas bureau of investigation or the United States attorney in Kansas  
28 under subsection (f) may be entered into evidence in any such  
29 proceedings.

30 (f) All investigations conducted by the inspector general shall be  
31 conducted in a manner that ensures the preservation of evidence for use in  
32 criminal prosecutions, civil actions or agency administrative actions. If the  
33 inspector general determines that a possible criminal act or false claim  
34 relating to fraud in the provision or administration of such programs has  
35 been committed, the inspector general shall immediately notify the  
36 attorney general. If the inspector general determines that a possible  
37 criminal act has been committed within the jurisdiction of the office, the  
38 inspector general may request the special expertise of the Kansas bureau of  
39 investigation. The inspector general may present for prosecution the  
40 findings of any criminal investigation to the office of the attorney general,  
41 *applicable district or county attorney* or the office of the United States  
42 attorney in Kansas.

43 (g) To carry out the duties as described in this section, the inspector

1 general and the inspector general's designees shall have:

2 (1) *Original jurisdiction to investigate crimes related to public*  
 3 *assistance, including those found in K.S.A. 21-5926 through 21-5932, 39-*  
 4 *709, 39-720 and 75-726, and amendments thereto;*

5 (2) *the power to issue, serve or cause to be served subpoenas or*  
 6 *other process of service in aid of investigations;*

7 (3) *the power to compel by subpoena the attendance and testimony of*  
 8 *witnesses and the production of books, electronic records and papers as*  
 9 *directly related to ~~such~~ state cash, food or health assistance programs;*

10 (4) *the power to administer oaths and take sworn statements under*  
 11 *penalty of perjury; ~~and~~*

12 (5) *the power to serve and execute in any county search warrants*  
 13 *that relate to investigations being executed by the office of the inspector*  
 14 *general; ~~and~~ Access to contractor files shall be limited to those files*  
 15 *necessary to verify the accuracy of the contractor's invoices or its*  
 16 *compliance with the contract provisions. No health care provider shall be*  
 17 *compelled to provide individual medical records of patients who are not*  
 18 *clients of such a program or programs.*

19 (6) ***Access to contractor files shall be limited to those files necessary***  
 20 ***to verify the accuracy of the contractor's invoices or its compliance with***  
 21 ***the contract provisions. No healthcare provider shall be compelled to***  
 22 ***provide individual medical records of patients who are not clients of***  
 23 ***such a program or programs.***

24 (h) The inspector general shall report all convictions, terminations  
 25 and suspensions taken against vendors, contractors and ~~health care~~  
 26 *healthcare* providers to any agency contracting with or responsible for  
 27 licensing or regulating those persons or entities. If the inspector general  
 28 determines reasonable suspicion exists that an act relating to the violation  
 29 of an agency licensure or regulatory standard has been committed by a  
 30 vendor, contractor or ~~health care~~ *healthcare* provider who is licensed or  
 31 regulated by an agency, the inspector general shall immediately notify  
 32 such agency of the possible violation, *unless such notification would*  
 33 *jeopardize an ongoing criminal investigation.*

34 (i) The inspector general shall make annual reports, findings and  
 35 recommendations regarding the office's investigations into reports of  
 36 fraud, waste, abuse and illegal acts relating to any such programs to the  
 37 appropriate state agency, the legislative post auditor, the committee on  
 38 ways and means of the senate, the committee on appropriations of the  
 39 house of representatives, the attorney general and the governor. ~~These~~  
 40 *Such* reports shall include, but not be limited to, the following information:

41 (1) ~~Aggregate provider billing and payment information;~~(2) ~~The~~  
 42 *number and type of audits of such programs administered by the*  
 43 *department of health and environment conducted and the dollar savings, if*

1 any, resulting from those audits;

2 ~~(3)~~(2) ~~health care~~healthcare provider sanctions, in the aggregate,  
3 including terminations and suspensions; and

4 ~~(4)~~(3) a detailed summary of the investigations undertaken in the  
5 previous fiscal year, ~~which summaries~~ that shall comply with all laws and  
6 rules and regulations regarding maintaining confidentiality in such  
7 programs.

8 (j) Based upon the inspector general's findings under subsection (c),  
9 the inspector general may make such recommendations to the state agency  
10 or agencies ~~which~~ that administer such program or programs or the  
11 legislature for changes in law, rules and regulations, policy or procedures  
12 as the inspector general deems appropriate to carry out the provisions of  
13 law or to improve the efficiency of such programs. The inspector general  
14 shall not be required to obtain permission or approval from any other  
15 official or department prior to making any such recommendation.

16 (k) (1) The inspector general shall make provision to solicit and  
17 receive reports of fraud, waste, abuse and illegal acts in such programs  
18 from any person or persons who shall possess such information. The  
19 inspector general shall not disclose or make public the identity of any  
20 person or persons who provide such reports pursuant to this subsection  
21 unless such person or persons consent in writing to the disclosure of such  
22 person's identity. Disclosure of the identity of any person who makes a  
23 report pursuant to this subsection shall not be ordered as part of any  
24 administrative or judicial proceeding. Any information received by the  
25 inspector general from any person concerning fraud, waste, abuse or  
26 illegal acts in such programs shall be confidential and shall not be  
27 disclosed or made public, upon subpoena or otherwise, except such  
28 information may be disclosed if:

29 (A) Release of the information would not result in the identification  
30 of the person who provided the information;

31 (B) the person or persons who provided the information to be  
32 disclosed consent in writing prior to its disclosure;

33 (C) the disclosure is necessary to protect the public health; or

34 (D) the information to be disclosed is required in an administrative  
35 proceeding or court proceeding and appropriate provision has been made  
36 to allow disclosure of the information without disclosing to the public the  
37 identity of the person or persons who reported such information to the  
38 inspector general.

39 (2) No person shall:

40 (A) Prohibit any agent, employee, contractor or subcontractor from  
41 reporting any information under ~~subsection (k)~~ paragraph (1); or

42 (B) require any such agent, employee, contractor or subcontractor to  
43 give notice to the person prior to making any such report.



1 (3) ~~Subsection (k)~~ Paragraph (2) shall not be construed as:

2 (A) Prohibiting an employer from requiring that an employee inform  
3 the employer as to legislative or auditing agency requests for information  
4 or the substance of testimony made, or to be made, by the employee to  
5 legislators or the auditing agency, as the case may be, on behalf of the  
6 employer;

7 (B) permitting an employee to leave the employee's assigned work  
8 areas during normal work hours without following applicable rules and  
9 regulations and policies pertaining to leaves, unless the employee is  
10 requested by a legislator or legislative committee to appear before a  
11 legislative committee or by an auditing agency to appear at a meeting with  
12 officials of the auditing agency;

13 (C) authorizing an employee to represent the employee's personal  
14 opinions as the opinions of the employer; or

15 (D) prohibiting disciplinary action of an employee who discloses  
16 information ~~which~~ that:

17 (i) The employee knows to be false or which the employee discloses  
18 with reckless disregard for its truth or falsity;

19 (ii) the employee knows to be exempt from required disclosure under  
20 the open records act; or

21 (iii) is confidential or privileged under statute or court rule.

22 (4) Any agent, employee, contractor or subcontractor who alleges that  
23 disciplinary action has been taken against such agent, employee, contractor  
24 or subcontractor in violation of this section may bring an action for any  
25 damages caused by such violation in district court within 90 days after the  
26 occurrence of the alleged violation.

27 (5) Any disciplinary action taken against an employee of a state  
28 agency or firm as such terms are defined under K.S.A. 75-2973, and  
29 amendments thereto, for making a report under ~~subsection (k)~~ paragraph  
30 (1) shall be governed by the provisions of K.S.A. 75-2973, and  
31 amendments thereto.

32 (l) The scope, timing and completion of any audit or investigation  
33 conducted by the inspector general shall be within the discretion of the  
34 inspector general. Any audit conducted by the inspector general's office  
35 shall adhere and comply with all provisions of generally accepted  
36 governmental auditing standards promulgated by the United States  
37 government accountability office.

38 (m) Nothing in this section shall limit investigations by any state  
39 department or agency that may otherwise be required or permitted by law  
40 or that may be necessary in carrying out the duties and functions of such  
41 agency.

42 (n) No contractor who has been convicted of fraud, waste, abuse or  
43 illegal acts or whose actions have caused the state of Kansas to pay fines

1 to or reimburse the federal government more than \$1,000,000 in the  
2 medicaid program shall be eligible for any state medicaid contracts  
3 subsequent to such conviction unless the attorney general finds that the  
4 contractor is the sole source for such contracts, is the least expensive  
5 source for the contract, has reimbursed the state of Kansas for all losses  
6 caused by the contractor, or the removal of the contractor would create a  
7 substantial loss of access for medicaid beneficiaries, in which case, after a  
8 specific finding to this effect, the prohibition of this subsection may be  
9 waived by the attorney general. Nothing in this section shall be construed  
10 to conflict with federal law; or to require or permit the use of federal funds  
11 where prohibited.

12 (o) All information and records of the inspector general that are  
13 made, maintained, kept, obtained or received under any investigation or  
14 audit under this section shall be confidential, except as required or  
15 authorized pursuant to this section.

16 ***(p) The amendments made by this act to this section shall expire on***  
17 ***July 1, 2028.***

18 Sec. 2. K.S.A. 75-7427 is hereby repealed.

19 Sec. 3. This act shall take effect and be in force from and after its  
20 publication in the statute book.