


# EXCLUSIVE: DHS insider claims systemic issues in addressing fraud

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Jenna Gloeb

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An anonymous Minnesota Department of Human Services (DHS) insider has come forward with claims of systemic problems over the agency's ability to address fraud.

In an exclusive interview with Alpha News, the source alleged that DHS restricts fraud investigations to a narrow timeframe which allows large amounts of taxpayer money to go unrecouped

"Say you get a complaint that John is committing fraud in December 2024, they only allow investigators to look at the fourth quarter of that year—October, November, and December," the source said. "It's not that hard to dig deeper, but the reason I was given is that they don't have enough staff for prolonged investigations."

The source estimated that fraud in DHS programs is far more pervasive than publicly acknowledged.

"I would bet that 90 to 99% of offenders didn't just commit fraud once. They've done it multiple times because they got away with it," the insider said. "And there are thousands of cases from 2020, 2021, and 2022 that haven't even been touched."

## Department of Human Services responds

Alpha News reached out to DHS regarding the anonymous source and their claims. Citing [state law](#), DHS said it cannot disclose details about its investigative practices to protect the integrity of its investigations.

However, a DHS spokesperson said: "Speaking generally, the allegations you shared do not align with our policies or practices. DHS is committed to protecting taxpayer dollars against fraud, waste and abuse—setting arbitrary restraints on our investigators would stand in the way of that goal. We handle each case individually and there is no one-size-fits-all timeline."

Nevertheless, the agency did acknowledge that additional staff would enhance their ability to investigate more fraud.

"Increasing DHS investigative staff and resources would allow the agency to connect with, audit and investigate more providers earlier," the agency stated.

According to DHS, the Office of Inspector General oversees approximately 142,000 enrolled providers and 250,000 personal care providers, with 763 active investigations conducted by 19 provider investigators.

"Since 2019, DHS has initiated approximately 4,000 investigations and stopped payments to over 800 providers," the statement said.

Alpha News sent a media inquiry to Gov. Tim Walz, but his office did not respond.

#### **Recent audit revealed over \$40 million uncollected**

The anonymous source's allegations come amid ongoing scrutiny of DHS following a December report by the Office of the Legislative Auditor (OLA) that found the agency has failed to recover more than \$40 million in overpayments to healthcare providers.

While these funds are not suspected of being fraudulently dispersed or obtained, they have gone unrecovered by DHS for several years. According to the report, DHS last made an effort to recover some of the funds in 2019.

DHS Commissioner Jodi Harpstead acknowledged many of the report's findings and said her agency would implement many of the changes recommended by the OLA's audit report.

Despite this, the commissioner maintained that recovering certain debts was difficult because many of the providers that owe money to DHS are no longer in business. DHS also contended that recovering some of the overpayments was difficult due to a six-year statute of limitations.

Republican lawmakers criticized DHS and Gov. Walz for what they describe as a lack of accountability.

"DHS is failing at their basic responsibilities, and once again there has been no accountability from Gov. Walz or Commissioner Jodi Harpstead. Until agencies and commissioners are held accountable for their failures to follow basic accounting practices under state law, these problems will continue," said House Speaker-designate Lisa Demuth at the time.

Sen. Paul Utke, R-Park Rapids, also talked about the possible implications for taxpayers. "With a deficit looming, this is exactly the kind of waste Minnesotans expect us to stay on top of. Taxpayers should not pay higher taxes because DHS failed to comply with basic accounting practices and can't afford to provide the health care services people need."

#### **Harpstead steps down**

Gov. Walz announced on Monday that Commissioner Harpstead has resigned, effective Feb. 3.

The governor said he is "proud of her work running the most complex and wide-ranging agency in state government."

"I am especially proud of how Commissioner Harpstead supported the enterprise-wide work to separate DHS into three separate agencies, which will make each of them more effective, more accountable, and easier to manage," he said.

Republicans view Harpstead's departure as an opportunity to take tackle fraud at the agency.

"This is a prime opportunity for Gov. Walz to demonstrate he will take fraud seriously," Senate Republican Leader Mark Johnson, R- East Grand Forks, said. "A new commissioner must create a culture of accountability, support investigatory activity, and make proper use of taxpayer dollars. They must hold grant recipients, state employees, and themselves to the highest standards of transparency and accountability."