



**U.S. House of Representatives
Committee on Energy and Commerce
Ranking Member Frank Pallone, Jr.
Democratic Staff Report**

**Holding Health Care Hostage: How Trump's CMS Is Weaponizing
Health Care Against Americans in Blue States**

OCTOBER 2026

TABLE OF CONTENTS

I. INTRODUCTION.....	1
II. CMS IS CARRYING OUT PARTISAN ATTACKS ON STATE MEDICAID PROGRAMS AND HARMING ANTI-FRAUD COOPERATION BETWEEN STATES AND THE FEDERAL GOVERNMENT	3
A. CMS Has Abused Anti-fraud Tools to Target and Punish Minnesota	3
1. CMS has Ignored Minnesota’s Good-faith Efforts to Address Fraud and Comply with Shifting CMS Demands	3
2. CMS Has Abused Its Administrative Process and Misled Congress	7
B. CMS’s Baseless Attack on New York Exposed Agency Leadership’s Incompetence..	9
1. CMS Botched Basic Math in a Baseless Attack on New York’s Medicaid Program	9
2. CMS Appears to Have Asked ChatGPT to Explain CMS’s Own Data	10
C. After Supporting Home Care in California for Years, CMS Now Claims These Life-saving Services Are Fraudulent	11
III. THE TRUMP ADMINISTRATION’S ANTI-FRAUD STRATEGY IS A THINLY VEILED EFFORT TO ATTACK AND THREATEN BLUE STATES	14
A. The Task Force Is Designed to Attack Democratic States	15
1. The Text of the Executive Order Demonstrates the Task Force’s Partisan Purpose	15
2. The Task Force Is Built to Enable the President’s Assault on Democratic States Resisting Republican Policies, Not to Fight Fraud	16
B. The HHS Office of Inspector General Has Joined the President’s Partisan Campaign Against Democratic States	18
IV. REPUBLICANS’ ASSAULT ON HEALTH CARE WILL HAVE DISASTROUS CONSEQUENCES FOR PATIENTS AND CAREGIVERS IN 2027	21
V. RECOMMENDATIONS	23
VI. CONCLUSION	24

I. INTRODUCTION

In 2025, the Centers for Medicare & Medicaid Services (CMS) began a campaign supposedly aimed at addressing fraud in federal health programs.¹ Instead, in the months that followed, it aggressively leveraged oversight tools intended to safeguard taxpayer dollars for the purposes of carrying out President Trump's promises of revenge against his political enemies and seeking to legitimize Republicans' historic cuts to health care.

This report documents how the Trump Administration, through CMS in particular, has weaponized the Medicaid program as a tool of political revenge, all as Medicaid enrollees fear being forced into institutions, providers leave the program, and states scramble to protect their residents from being kicked off their health care.

CMS's efforts began in Minnesota, which President Trump had threatened with a "DAY OF RECKONING & RETRIBUTION."² The agency's threats coincided with the Trump Administration's assault on the state, where immigration enforcement officials shot and killed two Americans, Alex Pretti and Renee Good, in the streets of Minneapolis.³ The Administration's vindictive actions ultimately led to CMS cutting Minnesota's federal Medicaid funding for services like home health care for people with disabilities by billions of dollars.⁴ The Administration later initiated cuts to Medicaid and related anti-fraud programs in other states, most notably California, New York, and Hawaii.⁵

¹ Centers for Medicare & Medicaid Services, *CMS Announces the Medicaid Fraud War Room* (June 2026) (fact sheet).

² See Letter from Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services and Daniel Brillman, Deputy Administrator, Centers for Medicare & Medicaid Services, to John Connolly, Deputy Commissioner and State Medicaid Director, Minnesota Department of Human Services (Dec. 5, 2025); Donald J. Trump (@realDonaldTrump), TruthSocial.com (Jan. 13, 2026, 8:40 AM) (<https://truthsocial.com/@realDonaldTrump/posts/115888070937502023>); Homeland Security (@DHSgov), X.com (Jan. 13, 2026, 9:20 AM) (<https://x.com/DHSgov/status/2011080955885199767>).

³ *A Shocked Nation Watches Minneapolis Killings: 'Something Needs to Change'*, New York Times (Jan. 27, 2026).

⁴ U.S. Department of Health and Human Services, *HHS Defers More Than \$1 Billion in Medicaid Payments to California, Minnesota Pending Review of High-Risk Claims in Crackdown on Fraud* (July 21, 2026) (press release); Letter from Dorothy Ferguson, Director, Division of Financial Operations West, Centers for Medicare & Medicaid Services, to John Connolly, State Medicaid Director, Minnesota Department of Human Services (Apr. 29, 2026); Letter from Dorothy Ferguson, Director, Division of Financial Operations West, to John Connolly, State Medicaid Director, Minnesota Department of Human Services (Feb. 25, 2026); Letter from Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services, to The Honorable Tim Walz, Governor, State of Minnesota (Jan. 6, 2026).

⁵ See U.S. Department of Health and Human Services, *HHS Defers More Than \$1 Billion in Medicaid Payments to California, Minnesota Pending Review of High-Risk Claims in Crackdown on Fraud* (July 21, 2026); Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Letitia A. James, Attorney General, State of New York, and Amy Held, Director, Medicaid Fraud Control Unit, State of New York (June 30, 2026); Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Anne E. Lopez, Attorney General, State of Hawaii and Landon M.M. Murata, Director, Medicaid Fraud Control Unit (June 4, 2026); Letter from Dorothy Ferguson, Director, Division of Financial Operations West, Centers for Medicare & Medicaid Services, to Tyler Sadwith, State Medicaid Director, California Department of Health Care Services (May 13, 2026); Letter from Dr. Mehmet Oz, Administrator, Centers

Concerns and investigations regarding Medicaid fraud are not new; prior administrations have also prioritized fighting fraud and improving program integrity. What *is* new is how CMS has become a willing participant in President Trump’s blatant weaponization of the federal government to punish states that opposed him in the 2024 election and have pushed back on his violent and often racist anti-immigrant crackdown. Anti-fraud efforts have traditionally—and by necessity—been collaborative, state-federal efforts motivated by a shared interest in eliminating fraud.⁶ Because of the actions by this Administration, that partnership has eroded. It has been replaced by spiteful action from political appointees at CMS and others in the Trump Administration, most notably Vice President JD Vance. Though the Administration portrays these attacks as a neutral, nationwide program integrity effort, its rhetoric and fixation on states that did not vote for Donald Trump and are led by Democrats reveal a campaign to weaponize federal resources against the President’s adversaries and cloak it in language of good governance.⁷ Only Democratic-led states have been seriously threatened with sweeping funding cuts that could strip millions of people of their health care.

The Trump Administration’s reckless actions come on the heels of congressional Republicans and President Trump enacting nearly \$1 trillion in cuts to the Medicaid program—the largest health care cut in American history—as part of their Big Ugly Bill. Republicans’ signature legislative achievement of the 119th Congress gutted Medicaid to pay for giant tax breaks for billionaires and big corporations.⁸ Many of these cuts, including burying Medicaid enrollees in unnecessary red tape that will result in millions of people losing coverage, are set to go into effect at the beginning of 2027.⁹ But the impacts are already having consequences on patients’ access to care. In 2026 alone, states have already confronted painful budget cuts, agencies have accelerated spending on contractors to administer cuts to Medicaid enrollments, and rural hospitals and clinics have begun to close their doors.¹⁰

for Medicare & Medicaid Services, to Kathy Hochul, Governor, State of New York; Dr. James McDonald, Commissioner, New York State Department of Health; Amir Bassiri, Medicaid Director, New York State Department of Health; Frank T. Walsh, Jr., Acting Medicaid Inspector General, Office of the Medicaid Inspector General (Mar. 3, 2026).

⁶ House Committee on Energy and Commerce, Testimony of Kaye Lynn Wootton, President, National Association of State Medicaid Fraud Control Units, *Hearing on Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid*, 119th Cong. (Feb. 3, 2026). *See also* U.S. Department of Health and Human Services Office of Inspector General, *Medicaid Fraud Control Units* (<https://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/>) (accessed Sept. 2, 2026).

⁷ *See* Section III.A.

⁸ Pub. L. No. 119-21 (2025); Congressional Budget Office, *Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline* (July 21, 2025); *How the Trump Administration is Giving Even More Tax Breaks to the Wealthy*, New York Times (Nov. 8, 2025).

⁹ Congressional Budget Office, *Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO’s January 2025 Baseline* (July 21, 2025)

¹⁰ *See, e.g.,* House Committee on Energy and Commerce and Senate Committee on Finance, *Trump Health Care Hit List: June 2026* (Aug. 2026); Protect Our Care, *Hospital Crisis Watch: "Medicaid Cuts Are Killing Us" As Republican Health Care Cuts Are Devastating Providers and Care Across America* (July 20, 2026); Center on Budget and Policy Priorities, *Sound State Revenue Choices Essential to Counteract Harmful Policies and Build*

Those who need and provide regular care will suffer the most. Medicaid beneficiaries and their caregivers, including family members, are already feeling the harmful effects of the reckless and overbroad funding cuts.¹¹ As Republicans' cruel cuts go into full effect next year, more and more patients and their caregivers will be left stranded.

II. CMS IS CARRYING OUT PARTISAN ATTACKS ON STATE MEDICAID PROGRAMS AND HARMING ANTI-FRAUD COOPERATION BETWEEN STATES AND THE FEDERAL GOVERNMENT

A. CMS Has Abused Anti-fraud Tools to Target and Punish Minnesota

The first state CMS threatened with large federal funding cuts was Minnesota, whose governor, Tim Walz, was the Democratic candidate for Vice President in the 2024 election. Much of CMS's initial fervor was influenced by videos recorded by a right-wing influencer in December 2025.¹² These videos appeared to document Somali Americans operating empty day care centers financed by taxpayers.¹³ State inspectors later found that the centers were operating as expected.¹⁴ Nevertheless, CMS continues to institute massive Medicaid cuts to intimidate the state as it attempts to defend its Medicaid program and its citizens from federal coercion.

1. CMS has Ignored Minnesota's Good-faith Efforts to Address Fraud and Comply with Shifting CMS Demands

CMS has taken four major actions targeting Minnesota Medicaid funding. On January 6, 2026, CMS announced that it would withhold up to \$2 billion in annual funding—\$515 million each quarter—alleging that the state was out of compliance with federal requirements.¹⁵ Later, on February 25, 2026, CMS announced that it would defer \$259 million in federal payments for

Forward (Feb. 26, 2026); *How Medicaid Contractors Stand to Gain From Trump's Policy*, KFF Health News (Apr. 3, 2026).

¹¹ See, e.g., *Clients Suffering as Minnesota Revalidates 5,000 Providers Amid Fraud Crisis*, CBS Minnesota (June 3, 2026); *Trump Officials Hit California with 'Largest Ever' Freeze on Medicaid Funds*, CalMatters (May 14, 2026); Disability Rights California, *Federal Deferral of Funds for In-Home Supportive Services is an Attack on the Independence and Wellbeing of Disabled People* (May 15, 2026) (press release); *Disabilities Beat: What New York Has To Say About Dr. Oz's Medicaid Fraud Allegations*, Buffalo Toronto Public Media (Apr. 15, 2026); *Lawyers Say Minnesotans With Disabilities Are Paying the Price in Fraud Response*, MPR News (Feb. 25, 2026); *Fraud Concerns Delay Funding for Above-Board Home Care Providers*, Star Tribune (Jan. 20, 2026).

¹² Dr. Oz CMS (@DrOzCMS), X.com (Dec. 5, 2025, 2:44 PM) (<https://x.com/DrOzCMS/status/1997029306233434396>); *An Intense White House Response from a Single Viral Video*, New York Times (Dec. 31, 2025).

¹³ *An Intense White House Response from a Single Viral Video*, New York Times (Dec. 31, 2025).

¹⁴ *What We Know About a Minneapolis Day Care Center That Was Highlighted in Video About Alleged Fraud*, CNN (Jan. 2, 2026).

¹⁵ Dr. Oz CMS (@DrOzCMS), X.com (Jan. 6, 2026, 10:08 PM) (<https://x.com/DrOzCMS/status/2008737551016968580>); Letter from Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services, to The Honorable Tim Walz, Governor, State of Minnesota (Jan. 6, 2026).

a portion of the state’s fourth-quarter fiscal year (FY) 2025 spending, followed by a second deferral of \$91 million in federal payments for a portion of its first-quarter FY 2026 spending on April 30, 2026.¹⁶ On July 21, 2026, CMS announced a third deferral, suspending \$199 million in federal payments for a portion of the state’s second-quarter FY 2026 spending.¹⁷ Over this period, the Trump Administration avoided any productive state collaboration in favor of splashy announcements made through White House press conferences and interviews on Fox News.¹⁸ All the while, health care for millions of Minnesotans hung in the balance.¹⁹

By February 25, 2026, four Minnesotans with disabilities had died after having critical care cut off amid payment freezes and investigations into Medicaid providers.

Lawyers Say Minnesotans With Disabilities Are Paying the Price in Fraud Response, MPR News (Feb. 25, 2026)

On December 5, 2025, amid “Operation Metro Surge,” CMS alleged—without meaningful evidence—that Minnesota was “not taking fraud seriously.”²⁰ It directed Minnesota’s Department of Human Services (Minnesota DHS) to take certain actions to review its Medicaid program by the end of the calendar year.²¹ Minnesota took each step CMS requested by that deadline. It imposed a six-month enrollment

moratorium on high-risk providers, conducted off-cycle provider enrollment validation, and disenrolled 4,300 out-of-network and out-of-state managed care providers.²² The state also submitted a Corrective Action Plan (CAP) to outline the steps it would take to address fraud, delivering its plan on the date requested by CMS, December 31, 2025.²³

¹⁶ Dr. Oz CMS (@DrOzCMS), X.com (Apr. 30, 2026, 1:30 PM) (<https://x.com/DrOzCMS/status/2049904255025418385>); Centers for Medicare & Medicaid Services, *Trump Administration Prioritizes Affordability By Announcing Major Crackdown on Health Care Fraud* (Feb. 25, 2026) (press release).

¹⁷ U.S. Department of Health and Human Services, *HHS Defers More Than \$1 Billion in Medicaid Payments to California, Minnesota Pending Review of High-Risk Claims in Crackdown on Fraud* (July 21, 2026) (press release).

¹⁸ See, e.g., The White House, *Remarks by Vice President JD Vance and Administrator Mehmet Oz at the White House* (Feb. 25, 2026); *Interview with Administrator Dr. Mehmet Oz: Trump Admin Puts Minnesota On Notice, Moves to Audit Medicaid and Claw Back Funds to Protect Taxpayers*, Fox News (Jan. 7, 2026).

¹⁹ *Clients Suffering as Minnesota Revalidates 5,000 Providers Amid Fraud Crisis*, CBS Minnesota (June 3, 2026); *Lawyers Say Minnesotans With Disabilities Are Paying the Price in Fraud Response*, MPR News (Feb. 25, 2026); *Fraud Concerns Delay Funding for Above-Board Home Care Providers*, Star Tribune (Jan. 20, 2026). See also Plaintiffs’ Compl. for Declaratory and Injunctive Relief (Mar. 2, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701); Plaintiffs’ Motion for Temporary Restraining Order and Expedited Preliminary Injunction (Mar. 3, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701).

²⁰ See note 2.

²¹ *Id.*

²² See Letter from John Connolly, Deputy Commissioner and State Medicaid Director, Minnesota Department of Human Services, to Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services, and Daniel Brillman, Deputy Administrator, Centers for Medicare & Medicaid Services (Dec. 31, 2025); Plaintiffs’ Compl. for Declaratory and Injunctive Relief (Mar. 2, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701).

²³ *Id.*

As CMS threatened to cut Minnesota Medicaid, the state paused funding to businesses that bathe, dress, feed and transport people with disabilities. After the payment suspensions, Heartland PCA in Duluth, Minnesota—which served 400 people, had 450 employees, and provided services in 32 counties—had to close its doors. **Its owner said that she did “everything in her power” to keep her doors open, but she did “not see [payment terminations] coming.”**

Fraud Concerns Delay Funding for Above-Board Home Care Providers, Star Tribune (Jan. 20, 2026)

Despite these actions, CMS was not satisfied but failed to tell that to the state. On January 6, 2026, CMS career staff and Minnesota DHS met to discuss the CAP.²⁴ During that meeting, “at no time did CMS suggest that the [CAP]... was deficient or would form the basis for withholding federal financial participation, absent any notice to the State of alleged deficiencies.”²⁵ Later that same day, however, CMS Administrator Dr. Mehmet Oz sent a letter to Governor Walz deeming the CAP “deficient” and notifying the state that CMS was withholding up to \$2 billion of Medicaid funding.²⁶ Oz proceeded to publicly announce these threats in an exclusive interview on Fox News.²⁷ This was the beginning of what has become a clear pattern: career

staff at CMS would conduct productive discussions with state officials—as they did on the morning of January 6—only to be publicly undermined by Vice President Vance, Administrator Oz, or other political appointees in the Trump Administration.

Throughout the spring, Minnesota attempted to comply with CMS requirements to resolve the deferrals, but the guidance from CMS remained vague and shifting. The state initiated off-cycle provider revalidations of 13 high-risk provider types—a key CMS demand.²⁸ But at Minnesota’s meetings with CMS on February 3, February 10, February 17, and February 24, the agency refused to provide substantive feedback on the state’s CAP.²⁹

On February 25, 2026, CMS abruptly deferred \$259.5 million in Medicaid funding for the state’s FY 2025 fourth-quarter reimbursements without any advance notice.³⁰ Administrator Oz stated that funding would remain suspended until Minnesota “propose[s] and act[s] on a

²⁴ Plaintiffs’ Motion for Temporary Restraining Order and Expedited Preliminary Injunction (Mar. 3, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701); Plaintiffs’ Compl. for Declaratory and Injunctive Relief (Mar. 2, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701).

²⁵ Plaintiffs’ Compl. for Declaratory and Injunctive Relief (Mar. 2, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701).

²⁶ *Id.*; Letter from Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services, to The Honorable Tim Walz, Governor, State of Minnesota (Jan. 6, 2026).

²⁷ See *Trump Admin Puts Minnesota On Notice, Moves to Audit Medicaid and Claw Back Funds to Protect Taxpayers*, Fox News (Jan. 7, 2026).

²⁸ Minnesota Department of Human Services, *Minnesota Department of Human Services to Freeze Provider Enrollment for 13 Medicaid Services* (Jan. 8, 2026) (press release).

²⁹ Minnesota Department of Human Services, *Corrective Action Plan (CAP) Timeline* (July 6, 2026) (<https://mn.gov/dhs/program-integrity/factcheck/>); Plaintiffs’ Compl. for Declaratory and Injunctive Relief (Mar. 2, 2026), *State of Minnesota et al. v. Oz et al. D. Minn.* (No. 0:26-cv-01701).

³⁰ The White House, *Remarks by Administrator Mehmet Oz at the White House* (Feb. 25, 2026); Letter from Dorothy Ferguson, Director, Division of Financial Operations West, to John Connolly, State Medicaid Director, Minnesota Department of Human Services (Feb. 25, 2026).

comprehensive corrective action plan”—even though a plan had been sitting with CMS for weeks.³¹

CMS’s pattern of silence resumed shortly thereafter. On March 3, a week after the agency’s \$259.5 million deferral, CMS canceled its weekly meeting with Minnesota without notice.³² On March 10, CMS told the state that it could not commit to providing feedback on its CAP ever.³³ The agency provided no reason and said it would reduce the frequency of its meetings with Minnesota altogether.³⁴

Despite CMS’s continued public aspersions about Minnesota’s proposed CAP, CMS ultimately approved it on March 19, 2026.³⁵ Even though Administrator Oz stated on February 25 that CMS would release deferred funding upon its approval of Minnesota’s CAP, those funds have still not been released.³⁶ What’s more, even after the CAP was approved, CMS deferred an additional \$91.2 million in Medicaid funding on April 29 and issued a third deferral of \$199 million on July 21, 2026.³⁷ By then, CMS had deferred nearly \$550 million in Medicaid funding for three consecutive quarters.³⁸ At a June 25, 2026, hearing before the Committee’s Oversight and Investigations Subcommittee, John Connolly, Minnesota’s Temporary Department of Human Services Commissioner and State Medicaid Director, testified that the uncertainty created by CMS “threatens the state’s ability to finance the services and benefits that are part of the program.”³⁹ As of that hearing, CMS had not told the agency whether or when funds would be released.⁴⁰

³¹ See The White House, *Remarks by Administrator Mehmet Oz at the White House* (Feb. 25, 2026); Letter from John Connolly, Deputy Commissioner and State Medicaid Director, Minnesota Department of Human Services, to Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services, and Daniel Brillman, Deputy Administrator, Centers for Medicare & Medicaid Services (Dec. 31, 2025).

³² Minnesota Department of Human Services, *Corrective Action Plan (CAP) Timeline* (July 6, 2026) (<https://mn.gov/dhs/program-integrity/factcheck/>).

³³ Decl. of Patrick Hultman (Mar. 11, 2026), *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701).

³⁴ *Id.*

³⁵ Letter from Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services, to John Connolly, Medicaid Director, Minnesota Department of Human Services (Mar. 19, 2026).

³⁶ See The White House, *Remarks by Administrator Mehmet Oz at the White House* (Feb. 25, 2026); Joint Status Report and Request for Continuation of Stay, *State of Minnesota et al. v. Oz et al.*, D. Minn. (No. 0:26-cv-01701).

³⁷ See Letter from Dorothy Ferguson, Director, Division of Financial Operations West, Centers for Medicare & Medicaid Services, to John Connolly, State Medicaid Director, Minnesota Department of Human Services (Apr. 29, 2026); note 17.

³⁸ See note 4.

³⁹ House Committee on Energy and Commerce, Testimony of John Connolly, State Medicaid Director, *Hearing on State Medicaid Program Integrity: Examining Fraud Risks and Oversight Deficiencies*, 119th Cong. (June 25, 2026).

⁴⁰ *Id.*

CMS has continued to hold hundreds of millions of dollars in Medicaid funding from Minnesota through October 2026 without a clear roadmap for release.⁴¹ On October 2, 2026, Temporary Commissioner Connolly wrote to Administrator Oz, noting that Minnesota had transmitted weekly data on its anti-fraud efforts under its CMS-approved CAP, and had continuously taken action to identify fraud, suspend payments, and coordinate with local and federal law enforcement.⁴² Nevertheless, for months, the agency has withheld information on fraud risks, and has failed to provide a roadmap to release the \$550 million in Medicaid funding or remove the threat of a \$2 billion disallowance.⁴³ Temporary Commissioner Connolly noted that program integrity requires a “strong federal-state partnership.”⁴⁴ As of October 2026, CMS continues to reject meaningful attempts at partnership.

2. CMS Has Abused Its Administrative Process and Misled Congress

CMS coupled its bad-faith negotiations with Minnesota with an attempt to harass the state in courts and before Congress. On January 9, 2026, Minnesota appealed CMS’s \$2 billion withholding in an administrative proceeding it is afforded under federal regulations.⁴⁵ From the outset, CMS reportedly frustrated Minnesota’s efforts to obtain necessary records, delaying the state’s ability to obtain a hearing.⁴⁶ Then, CMS continued to drag its feet on scheduling the hearing without providing Minnesota with any explanation or basis for doing so.⁴⁷

Unable to defend CMS’s obstruction of Minnesota’s appeal, a senior CMS official resorted to misleading Congress. CMS Deputy Administrator Kimberly Brandt appeared before the Committee’s Oversight and Investigations Subcommittee on March 17, 2026.⁴⁸ When asked by Subcommittee Ranking Member Yvette Clarke why Minnesota’s hearing had not yet been scheduled, Deputy Administrator Brandt falsely responded that CMS had “been stayed” from scheduling the hearing.⁴⁹ This was simply not true. It would not be until two days *after* the hearing that Deputy Administrator Brandt sent a letter to Minnesota seeking its cooperation in

⁴¹ Letter from John Connolly, State Medicaid Director, Minnesota Department of Human Services, to Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services (Oct. 2, 2026).

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ Letter from John Connolly, State Medicaid Director, Minnesota Department of Human Services, to Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services (Jan. 9, 2026).

⁴⁶ *See* note 24.

⁴⁷ *Id.*

⁴⁸ *See* House Committee on Energy and Commerce, *Hearing on Protecting Patients and Safeguarding Taxpayer Dollars: The Role of CMS in Combatting Medicare and Medicaid Fraud*, 119th Cong. (Mar. 17, 2026).

⁴⁹ House Committee on Energy and Commerce, Testimony of Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services, *Hearing on Protecting Patients and Safeguarding Taxpayer Dollars: The Role of CMS in Combatting Medicare and Medicaid Fraud*, 119th Cong. (Mar. 17, 2026).

requesting a stay.⁵⁰ CMS's repeated misrepresentations continued throughout the spring, both in public and before Congress. In an April 22, 2026, hearing before the Senate Finance Committee, Secretary of Health and Human Services (HHS) Robert F. Kennedy, Jr., falsely claimed that Minnesota had refused to cooperate with HHS, despite evidence to the contrary.⁵¹ This false claim was later repeated by Assistant Attorney General Colin McDonald at a May 21, 2026, press conference.⁵²

In early June, Minnesota released an update on its Medicaid provider revalidation efforts through May 31, 2026, as required by the state's CMS-approved CAP.⁵³ The state reported that it had referred 59 suspicious Medicaid providers to its Office of Inspector General.⁵⁴ Still unsatisfied, Vice President Vance announced days later that he had referred Minnesota's political leadership to the Department of Justice for a criminal investigation.⁵⁵

According to Minnesota's Ombudsman for Mental Health and Developmental Disabilities, the office recently had hospital "social workers reach out to our office inquiring about a client whose provider is experiencing a [Department of Human Services] payment withhold and a credible allegation of fraud situation. The hospital says the provider got the notice and then immediately dropped the individual off at an emergency [room], citing that they were not given resources or a timeline of the investigation, and thus could not afford to continue delivering services without payment."

Lawyers Say Minnesotans With Disabilities Are Paying the Price in Fraud Response, MPR News (Feb. 25, 2026)

⁵⁰ See Letter from Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services to John Connolly, State Medicaid Director, Minnesota Department of Human Services (Mar. 19, 2026).

⁵¹ Senate Committee on Finance, *Hearing on The President's Fiscal Year 2027 Department of Health and Human Services Budget*, 119th Cong. (Apr. 22, 2026).

⁵² Department of Justice, *Remarks by Secretary Robert F. Kennedy, Jr., Administrator Mehmet Oz, and Assistant Attorney General Colin McDonald at the U.S. Attorney's Office for the District of Minnesota* (May 21, 2026).

⁵³ Minnesota Department of Human Services, *Minnesota Revalidate 2026* (http://mn.gov/dhs/assets/one-pager-mn-revalidate-2026_tcm1053-751966.pdf) (accessed Sept. 14, 2026); Letter from John Connolly, Deputy Commissioner and State Medicaid Director, Minnesota Department of Human Services, to Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services, and Daniel Brillman, Deputy Administrator, Centers for Medicare & Medicaid Services (Dec. 31, 2025).

⁵⁴ Minnesota Department of Human Services, *Minnesota Revalidate 2026* (http://mn.gov/dhs/assets/one-pager-mn-revalidate-2026_tcm1053-751966.pdf) (accessed Sept. 14, 2026).

⁵⁵ Letter from The Honorable JD Vance, Vice President of the United States, to The Honorable Colin M. McDonald, Assistant Attorney General, United States Department of Justice (June 8, 2026); JD Vance (@JDVance), X.com (June 8, 2026, 8:44 PM) (<https://x.com/JDVance/status/2064146608518746499>).

B. CMS's Baseless Attack on New York Exposed Agency Leadership's Incompetence

On January 8, 2026, the Trump Administration publicly announced Operation Salvo, revealing its ongoing anti-immigration crackdown in New York City.⁵⁶ Two months later, it began to employ its punitive playbook by leveraging federal funding threats to punish state officials and threaten their residents who rely on Medicaid for their health and livelihoods.⁵⁷ The

investigation has been marked by basic math errors, an inability by CMS to

interpret its own health statistics, and flawed use of artificial intelligence (AI) at the expense of any rigorous analysis.⁵⁸ The egregious errors suggest incompetence at best and the deliberate manufacturing of unsupported allegations as a pretext for politically motivated cuts at worst.

According to Todd Vaarwerk, Chief Policy Officer at Western New York Independent Living, “services in the community are cheaper and more effective than services provided in an institution.” Regarding CMS’s current attacks on [Home and Community Based Services], Vaarwerk shared, “These are [federal] government officials making investigations and making recommendations and modifying Medicaid plans without even taking two minutes to talk to the affected consumers about how their life would change.”

Disabilities Beat: What New York Has To Say About Dr. Oz’s Medicaid Fraud Allegations, Buffalo Toronto Public Media (Apr. 15, 2026)

1. CMS Botched Basic Math in a Baseless Attack on New York’s Medicaid Program

CMS’s investigation of New York’s Medicaid program began on March 3, 2026.⁵⁹ In a letter to New York Governor Kathy Hochul and Department of Health leaders, Administrator Oz exclaimed “the data is clear,” proceeding to make several allegations about fraud in New York’s personal care, home health, adult day care, and other behavioral health services.⁶⁰ Administrator Oz’s letter alleged that approximately 5.1 million Medicaid beneficiaries in New York—nearly three in four of all enrollees—received personal care services.⁶¹ In a post on X, Administrator Oz claimed “that level of utilization is unheard of.”⁶² CMS used these claims as it made funding threats to New York Medicaid’s personal care services program, which, by CMS’s calculation, cost the state \$44.6 billion from 2023 through portions of 2025.⁶³

⁵⁶ U.S. Department of Homeland Security, *Secretary Noem Announces Success in Operation Salvo in New York City Following Shooting of CBP Officer* (Jan. 9, 2026) (press release).

⁵⁷ Letter from Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services, to Kathy Hochul, Governor, State of New York; Dr. James McDonald, Commissioner, New York State Department of Health; Amir Bassiri, Medicaid Director, New York State Department of Health; Frank T. Walsh, Jr., Acting Medicaid Inspector General, Office of the Medicaid Inspector General (Mar. 3, 2026).

⁵⁸ *See The Basic Math Error in Dr. Oz’s Fraud Letter*, Fiscal Policy Institute (Mar. 30, 2026); Section II.B.1, 2.

⁵⁹ *See* note 57.

⁶⁰ *Id.*

⁶¹ *Id.*

⁶² Dr. Oz CMS (@DrOzCMS), X.com (Mar. 3, 2026, 3:14 PM) (<https://x.com/DrOzCMS/status/2028926962337460421>).

⁶³ *See* note 57.

Despite Administrator Oz's claim that the "data is clear," he was wrong. In fact, the data clearly undermined his claims that three-quarters of New York's Medicaid enrollees received personal care services.⁶⁴ Because CMS did not disclose the methodology behind its overutilization claims, outside observers used raw data from CMS's provider database to reverse engineer the agency's calculation.⁶⁵ Their analysis found that CMS's claim was entirely unsupported.⁶⁶ It revealed that CMS added together the total number of individuals enrolled in personal care for each quarter from 2023 to mid-2025, concluding that 5.1 million individual New Yorkers on Medicaid received those services.⁶⁷ But this approach fails to account for the obvious fact that most service recipients remain enrolled in numerous consecutive quarters.⁶⁸ In CMS's calculation, the exact same enrollees were included in CMS's tally over and over again. As a result, Administrator Oz grossly exaggerated the number of individuals actually enrolled in these programs by approximately 1,000 percent.⁶⁹

CMS ultimately retracted Administrator Oz's claim.⁷⁰ In a statement, a CMS spokesperson revised CMS's estimate of New York's personal care enrollees downward from 5.1 million to about 450,000.⁷¹ That means the actual percentage of enrollees using these services was not the 75 percent claimed by Administrator Oz, but rather between six percent and seven percent.⁷² By then, however, numerous news reports echoed his initial allegations.⁷³ Much of the damage, by that time, was done.

2. CMS Appears to Have Asked ChatGPT to Explain CMS's Own Data

A close examination of the March 3, 2026, letter to New York raises additional questions about whether the people charged with conducting CMS's rushed, reckless, and targeted investigations are appropriately trained and experienced to evaluate Medicaid data. In a footnote supporting New York's Medicaid costs, the letter cites a compilation created by the Kaiser Family Foundation (KFF), a health policy analysis organization.⁷⁴ The hyperlink to that analysis

⁶⁴ See *The Basic Math Error in Dr. Oz's Fraud Letter*, Fiscal Policy Institute (Mar. 30, 2026).

⁶⁵ *Id.*

⁶⁶ *Id.*

⁶⁷ *Id.*; see note 57.

⁶⁸ See note 57; Mathematica Policy Research, *Managed Long-Term Services and Supports: Medicaid 1115 Demonstration Interim Evaluation Report* (Jan. 31, 2018).

⁶⁹ See notes 57, 64.

⁷⁰ *AP Exclusive: Trump Administration Admits a Glaring Error in Its New York Health Fraud Accusations*, AP News (Apr. 10, 2026).

⁷¹ *Id.*; note 57.

⁷² *Id.*

⁷³ See, e.g., *Trump Administration Widens Its Anti-Fraud Efforts With a Medicaid Probe in New York*, AP News (Mar. 4, 2026); *Dr. Oz Alleges Widespread Fraud in New York's \$100B Medicaid Program, Demands Hochul Respond* (Mar. 4, 2026).

⁷⁴ See note 57, at footnote 4.

shows that Administrator Oz and his drafters reached this KFF information through basic AI use. Hovering over the link in a PDF of CMS’s letter reveals “utm_source=chatgpt.com” appended to the link, indicating it was generated through ChatGPT.⁷⁵

⁴ CMS-64 Medicaid expenditure data (compiled by KFF State Health Facts): <https://www.kff.org/medicaid/state-indicator/total-medicaid-spending/>
⁵ U.S. Census Bureau, 2024 State Population Estimates, <https://www.census.gov/data/tables/time-series/>

https://www.kff.org/medicaid/state-indicator/total-medicaid-spending/?utm_source=chatgpt.com

It is concerning that CMS would rely on a third-party’s analysis of CMS’s *own data* to justify a threat of a massive funding cut affecting millions of people. But it is more alarming that Administrator Oz’s staff relied on ChatGPT to locate and identify the agency’s own data. Such an action raises questions about whether the individuals involved in preparing this threat to New York understand the agency’s data at all, let alone whether the data supports their sweeping fraud claims levied against one of the largest Medicaid programs in the nation.

Taken together, CMS’s completely unsupported calculations of personal care enrollees in New York, its hyperbolic allegations broadcast and repeated by Administrator Oz on social media, and its use of ChatGPT to find and link to a summary of CMS’s own data strongly indicate that the agency’s letter to New York lacked the serious and sound analysis needed to support a funding action that could cost millions of Americans their health care. Rather, these factors strongly suggest that this letter—like other actions described in this report—was simply a partisan attack by Administrator Oz on behalf of a vindictive President.

C. **After Supporting Home Care in California for Years, CMS Now Claims These Life-saving Services Are Fraudulent**

In January 2026, CMS launched an investigation into California’s Medicaid program.⁷⁶ In a January 27, 2026, letter to Governor Gavin Newsom, CMS fixated on the state’s In-Home Supportive Services (IHSS) programs.⁷⁷ These programs allow seniors and certain individuals with disabilities to receive health care services at home, keeping patients out of institutions and reducing financial strain on family caregivers.⁷⁸

⁷⁵ *Id.* See also OpenAI, *Publishers and Developers - FAQ* (<https://help.openai.com/en/articles/12627856-publishers-and-developers-faq>) (accessed Sept. 13, 2026).

⁷⁶ Letter from Dr. Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services, to The Honorable Gavin Newsom, Governor, State of California (Jan. 27, 2026).

⁷⁷ *Id.*

⁷⁸ California Department of Social Services, *In-Home Supportive Services (IHSS) Program* (<https://www.cdss.ca.gov/in-home-supportive-services>) (accessed Sept. 13, 2026).

CMS's attacks on Home and Community Based Services have happened in parallel with Dr. Oz's crackdown on hospice care in Medicare, particularly in the Los Angeles area. In April, the Administration announced that CMS had suspended 447 hospice providers in Los Angeles, and that number had reached 800 by May. CMS has not provided California with any information on these hundreds of providers and why CMS believes they are operating fraudulently. The California Department of Public Health has asked the agency for details and, according to Governor Newsom's office, received no response.

Dr. Oz Pledges to Tackle Hospice Fraud: "Do Not Steal from the American People", CBS News (Mar. 13, 2026); Governor Newsom Press Office (@GovPressOffice), X.com (May 13, 2026, 3:31 PM) (<https://x.com/GovPressOffice/status/2054645825624514729>); JD Vance Suspends 447 Hospices in LA as Part of Anti-Fraud Crackdown, NY Post (Apr. 15, 2026); The White House, Remarks of Administrator Mehmet Oz at the White House (May 13, 2026); Centers for Medicare & Medicaid Services, *CMS Announces Aggressive Nationwide Crackdown on Fraud With Six-Month Hospice and Home Health Agency Moratoria* (May 13, 2026) (press release).

Administrator Oz did not mention any specific cases of confirmed or suspected IHSS fraud.⁷⁹ Rather, he stated that California's spending on IHSS outpaced the rest of the country's, which, to CMS, was a conclusive indicator of programmatic abuse.⁸⁰ These claims typify the faulty logic inherent in CMS's investigation into California Medicaid. While many would view these increased investments as proof of the state's intentional efforts to increase access to care, to CMS, this could only mean fraud.

California defended its IHSS program. In an extensive response to CMS on February 17, 2026, California reiterated that the growth in IHSS spending was the result of a policy choice—one made over many years in collaboration with, and encouraged by, CMS—including during the first Trump Administration.⁸¹ The letter said that California's spending level "is the predictable and intended result of decades-long federal and state rebalancing policy, which CMS designed, approved and promoted" and "is evidence that California has successfully implemented the federal mandate to

"The shift away from institutional setting and subsequent increase in federal and state funding on [Home and Community Based Services] is the direct result of bipartisan efforts at both the federal and state levels. Both Republican and Democratic administrations have actively worked towards [the] goal of supporting individuals in the most integrated setting[.]"

Letter to House and Senate Leadership from Intellectual and Developmental Disability Advocates (Apr. 20, 2026).

shift Long-Term Services and Supports (LTSS) away from institutional care and toward [Home and Community Based Services]."⁸² Though CMS had previously encouraged states to "strengthen state infrastructure to increase transitions from institutional settings to community based settings," CMS under Administrator Oz has now opted to treat California's investments in long term support services as evidence of wrongdoing.⁸³

⁷⁹ See note 76.

⁸⁰ *Id.*

⁸¹ Letter from Tyler Sadwith, State Medicaid Director, California Department of Health Care Services, to Kimberly Brandt, Deputy Administrator and Chief Operating Officer, Centers for Medicare & Medicaid Services and Daniel Brillman, Deputy Administrator, Centers for Medicare & Medicaid Services (Feb. 17, 2026).

⁸² *Id.*

⁸³ See generally Centers for Medicare & Medicaid Services, *Long-Term Services and Supports Rebalancing Toolkit* (Nov. 2020).

Without warning, CMS deferred \$1.34 billion in Medicaid funding from the state on May 13, 2026.⁸⁴ The agency’s approach to the deferral followed a familiar pattern. CMS first told California that it would not review the state’s data until late May, only to issue a massive deferral in the first two weeks of the month.⁸⁵ Administrator Oz and Vice President Vance announced the action at a press conference, and the *New York Post* was made aware of the deferral before the state itself.⁸⁶

While Administrator Oz bragged that the action was the “largest deferral we’ve ever made,” the deferral letter does not adequately explain how CMS arrived at its \$1.34 billion total.⁸⁷ Though CMS attributes \$500 million in deferred funding to “significant growth observed” and classifies another \$632 million as “statistical outliers,” neither term is defined or explained in the letter.⁸⁸ These vague terms deprive California of any roadmap to release the funds CMS has deferred. Meanwhile, the letter states that CMS will reassess its deferral by taking “a statistically valid sample to confirm the allowability of all amounts claimed for [Personal Care Services].”⁸⁹ Rather than conduct a careful review of potentially fraudulent providers and payments, CMS says that it will sample claims across an entire service category and reduce California’s overall reimbursement based on the percentage of fraudulent payments in the sample.⁹⁰ CMS does not address what this approach may mean for providers that could lose funding under this approach—even if their claims were entirely legitimate.⁹¹

“My granddaughter is 27 with profound autism and seizures. She lives at home with her parents where she receives 24/7 care, from 2 parents who have given up their lives so she can receive the care she needs and deserves. Do not take [Home and Community Based Services] away from them.”

Andrea from Huntington Beach, CA (Apr. 29, 2026)

⁸⁴ Letter from Dorothy Ferguson, Director, Division of Financial Operations West, Centers for Medicare & Medicaid Services, to Tyler Sadwith, State Medicaid Director, California Department of Health Care Services (May 13, 2026). *See also* House Committee on Energy and Commerce, Testimony of Tyler Sadwith, State Medicaid Director, California Department of Health Services, *Hearing on State Medicaid Program Integrity: Examining Risks and Oversight Deficiencies*, 119th Cong. (June 25, 2026).

⁸⁵ Governor Newsom Press Office (@GovPressOffice), X.com (May 13, 2026, 1:49 PM) (<https://x.com/GovPressOffice/status/2054620092336681428>).

⁸⁶ The White House, *Remarks of Vice President JD Vance and Administrator Mehmet Oz at the White House* (May 13, 2026); Governor Newsom Press Office (@GovPressOffice), X.com (May 13, 2026, 1:49 PM) (<https://x.com/GovPressOffice/status/2054620092336681428>).

⁸⁷ The White House, *Remarks of Vice President JD Vance and Administrator Mehmet Oz at the White House* (May 13, 2026); *Officials Say \$1.3 Billion in Medicaid Money to California Will be Deferred Over Suspicions of Fraud*, AP News (May 13, 2026); *see* note 84.

⁸⁸ Letter from Dorothy Ferguson, Director, Division of Financial Operations West, Centers for Medicare & Medicaid Services, to Tyler Sadwith, State Medicaid Director, California Department of Health Care Services (May 13, 2026).

⁸⁹ *Id.*

⁹⁰ *Id.*

⁹¹ *Id.*

On July 21, 2026, CMS issued a second deferral to California, suspending \$867.5 million in funding in the second quarter of FY 2026 across 13 different service categories.⁹² Its second deferral mirrored the flawed logic of the first, attributing multi-million dollar cuts to “significant growth” in state spending on home-based personal care services from FY 2023 to FY 2025.⁹³ CMS again ignored California’s deliberate investments in these services, opting instead to treat increased spending as evidence of fraud rather than an intentional expansion of care for Californians on Medicaid. At an October 20, 2026, White House press conference, Administrator Oz announced a third deferral, cutting an additional \$1.2 billion to Medicaid based on growth in California’s personal care services program.⁹⁴ Once again, CMS relied on the flawed logic that programmatic growth alone is evidence of fraud rather than a demonstration of increased access to care.

In California, payments for hospice services were suspended even before an investigation took place showing that they had any misconduct. According to the CEO of an organization that assists hospices, ‘No one has been found guilty . . . There’s not many businesses that can be maintained without any income while someone investigates them.’

One provider executive shared, ‘We are hearing from other hospices . . . every day since [April] 21, I’ve heard at least two to three companies closing their doors and trying to transfer their patients out to other hospices.’

Caught in Fraud Dragnet: Hospices Raise Alarm Over Suspended Payments, Cite Increasing Closures, Hospice News (May 15, 2026).

As California’s Medicaid Director Tyler Sadwith stated, “CMS has used what once was a routine payment reconciliation process with states to undermine exactly what federal [Home and Community Based Services] policy has long sought to achieve: helping more people remain safely at home, rather than enter institutions for long-term care.”⁹⁵ For this Administration, the question of whether seniors and people with disabilities remain in their homes or in institutions appears secondary to Trump’s pursuit of political retribution.

III. THE TRUMP ADMINISTRATION’S ANTI-FRAUD STRATEGY IS A THINLY VEILED EFFORT TO ATTACK AND THREATEN BLUE STATES

The Trump Administration has claimed that it is executing a fifty-state anti-fraud strategy to root out wasteful spending wherever it occurs.⁹⁶ It is not. Rather, through its creation of the White House Task Force to Eliminate Fraud (Task Force) and its abuse of the national Medicaid Fraud Control Unit (MFCU) network, the Administration has attempted to cloak its partisan attacks with the language of nationally focused neutrality. But even a cursory examination of

⁹² See note 17; Georgetown University Center for Children and Families, *Weaponizing Fraud Against Medicaid in California and Minnesota: Another Quarter, Another Round of Deferrals* (July 29, 2026).

⁹³ *Id.*

⁹⁴ The White House, *Remarks by Administrator Mehmet Oz at the White House* (Oct. 20, 2026).

⁹⁵ State of California Department of Health Care Services, *State Condemns Federal Deferral of IHSS Funds, Warns of Immediate Harm to Hundreds of Thousands of Vulnerable Californians* (May 14, 2026) (press release).

⁹⁶ The White House, *Remarks of President Donald Trump on Establishing the Task Force to Eliminate Fraud at the White House* (Mar. 16, 2026).

these efforts reveals that they are anything but neutral—they target states that did not vote for President Trump.

A. The Task Force Is Designed to Attack Democratic States

On March 16, 2026, President Trump signed an executive order to establish an anti-fraud task force led by Vice President Vance.⁹⁷ The Task Force was charged with examining fraud in federal spending across the government, including in Medicaid.⁹⁸ But the creation and actions of the Task Force demonstrate that from the beginning, the priority of the Task Force was carrying out partisan attacks rather than focusing on fraud.

The Task Force’s work has revealed that the Trump Administration has prioritized attacking Democratic-led states at national press conferences over conducting serious anti-fraud enforcement. It has claimed credit for actions like indictments, convictions, and provider disenrollments that either stem from investigations predating the Trump Administration or changes made by states or CMS policies.⁹⁹ Despite its claims, the Task Force has little to do with the claimed results. Even where CMS’s threatening directives have led states to identify fraudsters, those appear to be incidental to the sweeping, overbroad actions that punished Democratic states, their Medicaid enrollees, and Medicaid providers.¹⁰⁰

The Trump Administration has touted its funding cuts to Medicaid as its most successful efforts to combat fraud, claiming it has saved \$2.5 billion from its deferrals to California and Minnesota. But these claimed “savings” include hundreds of millions of dollars to legitimate providers swept up in its across-the-board threats to entire service areas, claims that CMS—by its own admission—are still evaluating.

1. The Text of the Executive Order Demonstrates the Task Force’s Partisan Purpose

Partisan rhetoric permeates the Executive Order establishing the Task Force. The text of the Executive Order names only six states for particular focus: Minnesota, California, Illinois, New York, Maine, and Colorado—all states that voted for Kamala Harris in 2024 and have Democratic governors.¹⁰¹ It explicitly targets political leadership in those states, attributing potential fraud to their “lax immigration policy and immigration fraud” enabled by “certain

⁹⁷ Exec. Order No. 14395, 91 Fed. Reg. 13485 (Mar. 19, 2026).

⁹⁸ *Id.*

⁹⁹ See, e.g., The White House, *The Fraud Ledger* (<https://www.whitehouse.gov/fraud/>) (accessed Sept. 15, 2026).

¹⁰⁰ U.S. Department of Justice, *National Health Care Fraud Takedown Results in 455 Defendants Charged in Connection with Over \$6.5 Billion in Alleged Fraud* (June 23, 2026) (press release); *Ferraris and Shell Companies: Justice Dept. Unveils Fraud Charges*, New York Times (June 23, 2026); The White House, *Trump Administration’s Full War on Fraud* (May 26, 2026) (press release).

¹⁰¹ See note 97; National Archives, *2024 Electoral College Results* (Jan. 13, 2025) (<https://www.archives.gov/electoral-college/2024>).

public officials [who] admit [immigrants] into our country.”¹⁰² The Trump Administration’s repeated attempts to link immigration with fraud have been marked by racism and xenophobia: the President attributed fraud in Minnesota to “Somali pirates” in his State of the Union, and CMS Administrator Oz linked hospice fraud in Los Angeles to the “Russian Armenian mafia.”¹⁰³ Five of the six states referenced in the Executive Order—Minnesota, California, Illinois, New York, and Colorado—have jurisdictions that limit cooperation with federal immigrant detention and deportation efforts, several of which have been sued by the Trump Department of Justice as a result.¹⁰⁴

2. The Task Force Is Built to Enable the President’s Assault on Democratic States Resisting Republican Policies, Not to Fight Fraud

The Task Force was established within the Executive Office of the President and is chaired by Vice President Vance.¹⁰⁵ Stephen Miller, the architect of the President’s cruel anti-immigrant agenda, serves as the Task Force’s Senior Advisor, with his position formally listed in the Executive Order as a key leader.¹⁰⁶ Meanwhile, agency Inspectors General—the primary and traditionally neutral anti-fraud officials at federal agencies—are included as participants only as “determined by the Chairman,” not as standalone participants.¹⁰⁷ The order also fails to establish any mechanism of public accountability, such as stakeholder engagement efforts or any public meetings, and its position within the Executive Office of the President may also be an attempt to limit future disclosures under public records law or discovery in federal court.¹⁰⁸

The Task Force has resisted participation by representatives from Democratic states. In May, Vice President Vance invited attorneys general to attend a roundtable meeting of the Task Force.¹⁰⁹ While Vice President Vance provided Republican attorneys general with ample notice to plan their attendance, he only extended an invitation to Democratic attorneys general one business day before the meeting.¹¹⁰ In response, 24 Democratic attorneys general wrote to Vance stating that the “short notice does not match the spirit of collaboration that has long defined our

¹⁰² See note 97.

¹⁰³ The White House, *State of the Union Address of President Donald Trump* (Feb. 24, 2026); *Dr. Oz Video Alleging Fraud in Van Nuys Prompts Response from Armenian Community*, NBC4 Los Angeles (Jan. 29, 2026).

¹⁰⁴ *Judge Dismisses DOJ Lawsuit Against Illinois, Chicago Over ‘Sanctuary City’ Policies*, New York Times (July 25, 2026); U.S. Department of Justice, *Justice Department Sues Minnesota Over Sanctuary Policies* (Sept. 29, 2025) (press release); U.S. Department of Justice, *Justice Department Publishes List of Sanctuary Jurisdictions* (Aug. 5, 2025) (press release).

¹⁰⁵ See note 977.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ *Id.* See generally Congressional Research Service, *Executive Privilege and Presidential Communications: Judicial Principles* (May 12, 2022) (R47102).

¹⁰⁹ *Democratic Attorneys General Snub Vance’s Anti-Fraud Roundtable at White House After Late Invite*, CNBC (May 26, 2026).

¹¹⁰ *Id.*

joint efforts with federal partners” and that therefore they would not attend.¹¹¹ When Democratic states sent high-level representatives to the roundtable in place of their attorneys general, those representatives were shut out of the meeting.¹¹²

In May 2026, Scott Brady was announced as Executive Director of the Task Force.¹¹³ Brady previously served as the Trump-appointed U.S. Attorney for the Western District of Pennsylvania from September 2017 through February 28, 2021, where his colleagues described him as “a Trump loyalist” and “a deeply partisan leader” who had previously stated that “he would never serve a Democrat.”¹¹⁴ His partisan conduct led to an investigation by the Department of Justice Office of the Inspector General (DOJ OIG).¹¹⁵ Specifically, at a November 18, 2020, press conference, Brady was asked about a Department-wide letter signed by one of his subordinates objecting to a DOJ policy by then-Attorney General William Barr.¹¹⁶ In response, Brady publicly accused the employee of signing the letter for partisan reasons, referencing that their spouse had worked for a Democratic Administration.¹¹⁷ DOJ OIG found that Brady’s comments were “intentionally derogatory,” that he was “seeking to undermine [the employee’s] professional reputation,” and that his comments “create[ed] potential security issues for [the employee] and his family given the charged political environment.”¹¹⁸ It concluded that Brady’s comments were “unprofessional, inappropriate, and not what the Department [of Justice] should expect from U.S. Attorneys and other senior officials.”¹¹⁹ Given this background, Brady’s selection to lead the Task Force further demonstrates its partisan approach.

¹¹¹ Letter from Kris Mayes, Attorney General, State of Arizona; Rob Bonta, Attorney General, State of California; Philip J. Weiser, Attorney General, State of Colorado; William Tong, Attorney General, State of Connecticut; Kathleen Jennings, Attorney General, State of Delaware; Brian L. Schwalb, Attorney General, District of Columbia; Anne E. Lopez, Attorney General, State of Hawaii; Kwame Raoul, Attorney General, State of Illinois; Aaron M. Frey, Attorney General, State of Maine; Anthony G. Brown, Attorney General, State of Maryland; Andrea Joy Campbell, Attorney General, Commonwealth of Massachusetts; Dana Nessel, Attorney General, State of Michigan; Keith Ellison, Attorney General, State of Minnesota; Aaron D. Ford, Attorney General, State of Nevada; Jennifer Davenport, Attorney General, State of New Jersey; Raúl Torrez, Attorney General, State of New Mexico; Letitia James, Attorney General, State of New York; Jeff Jackson, Attorney General, State of North Carolina; Dan Rayfield, Attorney General, State of Oregon; Peter F. Neronha, Attorney General, State of Rhode Island; Charity R. Clark, Attorney General, State of Vermont; Jay Jones, Attorney General, Commonwealth of Virginia; Nick Brown, Attorney General, State of Washington; and Josh Kaul, Attorney General, State of Wisconsin, to The Honorable JD Vance, Vice President of the United States (May 26, 2026).

¹¹² *Democrats Say They Were Shut Out of Fraud Event After Vance Says Crackdown ‘Should Not Be Partisan’*, The Guardian (May 27, 2026).

¹¹³ White House Task Force to Eliminate Fraud (@WHFraudTF), X.com (May 23, 2026, 11:24 AM) (<https://x.com/WHFraudTF/status/2058207406002147619>).

¹¹⁴ *Material from Giuliani Spurred a Separate Justice Dept. Pursuit of Hunter Biden*, New York Times (Dec. 11, 2020).

¹¹⁵ U.S. Department of Justice Office of the Inspector General, *An Investigation of Alleged Misconduct by Then U.S. Attorney Scott Brady* (Dec. 2021).

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 1.

¹¹⁸ *Id.* at 1.

¹¹⁹ See note 115 at 10.

B. The HHS Office of Inspector General Has Joined the President's Partisan Campaign Against Democratic States

The Administration has touted \$200 million in claimed savings through its threats to MFCUs, including its decertification of New York and Hawaii's MFCUs. But hamstringing prosecutors' ability to investigate Medicaid fraud does not save Medicaid dollars; rather, it prevents prosecutors and investigators from recovering Medicaid dollars from criminals and other fraudsters.

The White House, *The Fraud Ledger* (<https://www.whitehouse.gov/fraud/>) (accessed Oct. 28, 2026).

The Trump Administration has recruited HHS's traditionally nonpartisan Office of Inspector General (OIG) to assist with its agenda against Democratic states, particularly through OIG's oversight of MFCUs. MFCUs are law enforcement units usually housed within the offices of state attorneys general, and they are charged with investigating Medicaid fraud and neglect of beneficiaries in health care facilities.¹²⁰ Federal law requires that all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands have MFCUs, which must be annually recertified by HHS OIG based on statutory and regulatory requirements.¹²¹ Pursuant to the Medicaid statute, a state without a validly certified

MFCU could lose the entirety of its federal Medicaid funding.¹²²

HHS OIG and state MFCUs have historically cooperated under the shared goal of combatting fraud.¹²³ In a February 3, 2026, hearing before the Committee's Subcommittee on Oversight and Investigations, the president of the National Association of Medicaid Fraud Control Units testified that federal, state, and local partnerships are "vital" to fight fraud.¹²⁴ She added, "[W]e rely on those federal partners, whether it's the FBI's healthcare task force, whether it's the HHS OIG. They are able to take what we can provide the resources we have, but they can also cross state lines and we can involve other states in that, so they are critical."¹²⁵

The Trump Administration has threatened this paradigm of productive collaboration between state and federal law enforcement, transforming the OIG from an independent watchdog into a political instrument of this Administration. On March 24, 2025, President Trump nominated T. March Bell to serve as HHS Inspector General.¹²⁶ Bell had previously led the House Select Investigative Panel on Planned Parenthood, which was established to investigate debunked claims about Planned Parenthood and the use of fetal tissue in biomedical research.¹²⁷

¹²⁰ See note 6.

¹²¹ 42 U.S.C. 1396 et seq.; 42 CFR § 1007.17(c) (2024).

¹²² *Id.*

¹²³ See note 6.

¹²⁴ House Committee on Energy and Commerce, Testimony of Kaye Lynn Wootton, President, National Association of State Medicaid Fraud Control Units, *Hearing on Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid*, 119th Cong. (Feb. 3, 2026).

¹²⁵ *Id.*

¹²⁶ *Trump Nominates Republican Once Accused of Mishandling Taxpayer Funds at HHS Watchdog*, AP News (Mar. 25, 2025).

¹²⁷ *A Decade-Old Investigation of Planned Parenthood's Handling of Fetal Tissue Gets a Reairing at HHS Nominee's Hearing*, Politico Pro (Oct. 29, 2025); Select Investigative Panel on Planned Parenthood Democratic

His tenure was marked by an abuse of congressional investigative process, a reliance on discredited and fabricated evidence, and a disregard for House rules and procedures.¹²⁸ In a previous role, Bell had been fired by Virginia’s Department of Environmental Quality due to his mishandling of almost \$8,000 in taxpayer funds.¹²⁹ Bell’s nomination foreshadowed an OIG less focused on independent oversight and more on wielding its authorities in service of the Administration’s political objectives.

Inspector General Bell’s subsequent actions validated those concerns as the Administration launched its attack on Democratic state MFCUs. On May 13, 2026, Bell sent letters to every MFCU director and state attorney general announcing that all MFCUs would undergo a “robust review” leading up to their annual recertifications.¹³⁰ The letters to each state were identical. They claimed that while some MFCUs were high performing, others “have been happy to rake in taxpayer dollars without fighting fraud.”¹³¹ Bell explicitly stated that his reviews could result in termination of federal funding, warning that “noncompliance with your MFCU obligations can take your State’s *entire Medicaid program* out of compliance. This means your failure to do your job as head of the MFCU has put all of your State’s Medicaid funds in jeopardy.”¹³²

Inspector General Bell’s letters are also marred by partisanship. They state “[F]or too long, there has been a lack of leadership at HHS that has allowed billions of our fellow Americans’ dollars to flow out to State capitals to fund MFCUs to supposedly fight Medicaid fraud without any real oversight. Under President Trump and Vice President Vance’s leadership, that *ends today*.”¹³³ This language situates OIG as an arm of the Trump Administration rather than an independent oversight body tasked with safeguarding taxpayer dollars. Inspector General Bell also serves as a member of the Task Force and has appeared at press conferences shoulder-to-shoulder with Administration officials who make partisan attacks from the podium.¹³⁴

Despite his charged rhetoric, Bell did not provide further information about how the recertification process would change from prior years, or what steps MFCUs should take to

Members, *Setting the Record Straight: The Unjustifiable Attack on Women’s Health Care and Life-Saving Research* (Dec. 2016).

¹²⁸ *Id.*; House Select Investigative Panel on Planned Parenthood, *Hearing on the Pricing of Fetal Tissue*, 114th Cong. (Apr. 20, 2016).

¹²⁹ *See* note 126.

¹³⁰ *See, e.g.*, Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Rob Bonta, Attorney General, State of California (May 13, 2026).

¹³¹ *Id.*

¹³² *Id.* (emphasis in original).

¹³³ *Id.*

¹³⁴ *See Trump Fired the Watchdogs. Their Replacements Have a Different Mission*, New York Times (Aug. 18, 2026); U.S. Department of Justice, *Remarks of U.S. Attorney David Metcalf on Health Care Fraud in Philadelphia* (Aug. 4, 2026); U.S. Department of Health and Human Services, *Remarks of Inspector General T. March Bell at the Department of Health and Human Services* (July 21, 2026).

ensure compliance. This blanket threat caused widespread alarm among state MFCUs and Medicaid agencies, prompting fears that a denied recertification could put the state’s entire Medicaid program at risk.

This alarm proved warranted. On June 4, 2026, OIG decertified Hawaii’s MFCU, terminating all federal grant funding to the unit.¹³⁵ Termination of New York’s certification soon followed, with OIG denying recertification and terminating funding on June 30.¹³⁶ The two state MFCUs receive about \$3 million and \$60 million in annual federal funding, respectively.¹³⁷ Both states disputed their decertifications, noting they were evaluated against unclear criteria. Hawaii Attorney General Anne Lopez criticized OIG’s reliance on low conviction rates in anti-fraud litigation in deciding not to certify Hawaii’s MFCU, emphasizing that “Medicaid fraud enforcement is not measured solely by convictions.”¹³⁸ Similarly, New York Attorney General Letitia James condemned OIG’s abrupt decision as “another political distraction” that conflicted with the Trump Administration’s past praise of the state’s MFCU.¹³⁹ Neither letter from HHS OIG nor any subsequent correspondence with the New York and Hawaii MFCUs provided clear benchmarks on what the states must do for OIG to release funding for their MFCUs—an approach that echoed CMS’s bad-faith posture toward Minnesota and California.¹⁴⁰

Since July, OIG has notified 27 more states of their recertification status.¹⁴¹ Twenty-one of the states—including Minnesota and Maine, which have been targeted by the Administration—were not granted full recertification but were granted conditional

¹³⁵ Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Anne E. Lopez, Attorney General, State of Hawaii and Landon M.M. Murata, Director, Medicaid Fraud Control Unit (June 4, 2026).

¹³⁶ Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Letitia A. James, Attorney General, State of New York, and Amy Held, Director, Medicaid Fraud Control Unit, State of New York (June 30, 2026).

¹³⁷ *Trump Administration Withholds Funds from New York’s Medicaid Fraud Unit*, Fierce Healthcare (July 1, 2026).

¹³⁸ Office of Governor Josh Green, M.D., *Department of the Attorney General to Seek Reconsideration of U.S. Department of Health and Human Services Decision Regarding Medicaid Fraud Control Unit* (June 4, 2026) (press release).

¹³⁹ Office of the New York Attorney General, *Attorney General James Condemns Trump Administration for Slashing New York’s Resources to Fight Medicaid Fraud* (June 30, 2026) (press release).

¹⁴⁰ See Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Anne E. Lopez, Attorney General, State of Hawaii and Landon M.M. Murata, Director, Medicaid Fraud Control Unit (Oct. 1, 2026); Letter from T. March Bell, Inspector General, U.S. Department of Health and Human Services Office of Inspector General, to Letitia A. James, Attorney General, State of New York, and Amy Held, Director, Medicaid Fraud Control Unit (Oct. 1, 2026); notes 135, 136.

¹⁴¹ The 27 states are Arizona, California, Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, South Dakota, Tennessee, Vermont, Virginia, West Virginia, and Wisconsin. See U.S. Department of Health and Human Services Office of Inspector General, *MFCU Recertification Letters* (<https://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/mfcu-certifications/mfcu-recertification-letters/>) (accessed Oct. 28, 2026).

recertification.¹⁴² By adopting a process of conditional recertification, rather than directly coordinating with MFCUs to address its concerns, OIG has thrust MFCUs into a state of prolonged uncertainty where decertification could happen at any time, mirroring tactics used by CMS to keep certain states under constant threat.

IV. REPUBLICANS' ASSAULT ON HEALTH CARE WILL HAVE DISASTROUS CONSEQUENCES FOR PATIENTS AND CAREGIVERS IN 2027

CMS's attacks on Medicaid come on the heels of the Republicans' H.R. 1, which cut more than \$1 trillion from our nation's health care system—the largest health care cut in our nation's history.¹⁴³

The nonpartisan Congressional Budget Office (CBO) projects that H.R. 1 will increase the number of people without health insurance by 10 million through 2034.¹⁴⁴ Combined with Republicans' refusal to renew enhanced premium tax credits for Affordable Care Act (ACA) plans, that number jumps to 14 million.¹⁴⁵ In H.R. 1's first year alone, Medicaid and the Children's Health Insurance Program enrollment have declined by an estimated 3.8 million.¹⁴⁶

CMS's actions documented in this report could result in even deeper cuts to health care funding, particularly in Democratic states, that will only further harm patients and their families.

- Minnesota is expected to lose at least an average of **\$1.4 billion** in federal funding annually for ten years under H.R. 1.¹⁴⁷ CMS's threats to Minnesota Medicaid have put an additional **\$3.1 billion** at risk.¹⁴⁸
- California is expected to lose at least an average of **\$11.2 billion** annually for ten years—a loss of **\$2.8 billion** in funding per quarter—under H.R. 1.¹⁴⁹ CMS's deferrals of \$1.3

¹⁴² U.S. Department of Health and Human Services Office of Inspector General, *MFCU Recertification Letters* (<https://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/mfcu-certifications/mfcu-recertification-letters/>) (accessed Sept. 13, 2026).

¹⁴³ See note 9; Georgetown University Center for Children and Families, *States Pursuing Medicaid Work Requirement Waivers Must Make Changes: How the OBB Changes the Landscape for Medicaid Work Requirements* (July 23, 2025).

¹⁴⁴ Congressional Budget Office, *Distributional Effects of Public Law 119-21* (Aug. 11, 2025).

¹⁴⁵ Kaiser Family Foundation, *How Will the 2025 Reconciliation Law Affect the Uninsured Rate in Each State?* (Aug. 20, 2025).

¹⁴⁶ Protect Our Care, *UPDATE: Over Eight Million Americans Have Now Lost Coverage in the Year Following Trump-GOP Health Care Cuts* (June 29, 2026).

¹⁴⁷ Kaiser Family Foundation, *Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package* (July 23, 2025).

¹⁴⁸ Minnesota Department of Human Services, *Federal Funding Losses Hurt Minnesota* (<https://mn.gov/dhs/medicaid-matters/federal-funding-losses/>) (accessed Sept. 14, 2026).

¹⁴⁹ See note 147.

billion in first quarter 2026 payments, \$867.5 million in second quarter payments, and \$1.2 billion in third quarter payments have put an additional **\$3.37 billion** at risk.¹⁵⁰

- CMS has threatened Medicaid funding in Hawaii and New York, even as H.R. 1 is projected to reduce federal Medicaid funding in those states by at least **\$300 million** and **\$7.7 billion** per year, respectively.¹⁵¹

The Trump Administration has doubled down on the harmful provisions of H.R. 1 through federal rulemaking. This has the effect of multiplying federal Medicaid cuts to states and increasing the number of individuals who will likely lose coverage because of the law's red tape requirements for Medicaid enrollees. For example:

- **State-Directed Payments:** On May 28, 2026, the Trump Administration issued a proposed rule implementing H.R. 1's cap on state-directed payments.¹⁵² Though the law limits certain Medicaid payments to specific categories of providers, the Administration's proposed rule would extend those caps to nearly *all* service categories and all forms of payment.¹⁵³ These restrictions are expected to roughly triple the Medicaid funding cuts attributable to this provision of H.R. 1.¹⁵⁴
- **Medical Frailty Rule:** On June 1, 2026, the Trump Administration issued an interim final rule to implement H.R. 1's red tape requirements, which subjects millions of enrollees to cumbersome and unnecessary paperwork to maintain their coverage.¹⁵⁵ In an abrupt decision, the Trump Administration attempted to restrict how states can exempt "medically frail" enrollees, forcing individuals with serious illnesses—including cancer, HIV, Parkinson's disease, and multiple sclerosis—to repeatedly document their conditions or risk losing care.¹⁵⁶ On October 29, 2026, a federal district court struck down the "medical-frailty" provision of the rule, finding that the Trump Administration's interpretation of the statute was unlawful.¹⁵⁷

¹⁵⁰ See notes 17, 8, 94.

¹⁵¹ See note 147.

¹⁵² Pub. L. No. 119-21, § 71116; Centers for Medicare & Medicaid Services, *Medicaid Program; Medicaid Managed Care State Directed Payments and Medicaid Fee-for-Service Targeted Medicaid Practitioner Payments*, 91 Fed. Reg. 30400 (May 22, 2026) (proposed rule).

¹⁵³ *Id.*; Georgetown University Center for Children and Families, *CMS Triples Harmful Impact of HRI Medicaid Provider Cuts in State Directed Payment Proposed Rule* (May 28, 2026).

¹⁵⁴ *Id.*

¹⁵⁵ Pub. L. No. 119-21, § 71119; Centers for Medicare & Medicaid Services, *Medicaid Community Engagement Requirement for Certain Individuals Interim Final Rule With Comment Period* (CMS-2454-IFC) (fact sheet); Georgetown University Center for Children and Families, *CMS Ignores The Law (Again) - This Time Taking Health Insurance Away from Individuals with Substance Use Disorders, Mental Health Conditions, and Serious Health Conditions* (June 18, 2026).

¹⁵⁶ Kaiser Family Foundation, *CMS Requires More Restrictive Definition of Medical Frailty in New Medicaid Work Requirements Rule* (June 2, 2026).

¹⁵⁷ Order of Vacatur and Enjoinment (Oct. 29, 2026), *State of Massachusetts et al. v. Oz et al.*, D. Mass. (No. 1:26-cv-12962-RGS).

H.R. 1 has already forced hospitals and clinics to close, reduced health care services, and resulted in health care workforce layoffs—and will continue to do so. Simultaneously, CMS’s attacks on Democratic states have harmed hospice providers, long-term care providers, and behavioral health clinics that patients and their families rely on for needed care.¹⁵⁸ Data compiled by House Energy and Commerce and Senate Finance Democratic staff found that H.R. 1 has forced at least 302 providers to close or reduce services as of June 30, 2026.¹⁵⁹

V. RECOMMENDATIONS

The Trump Administration’s abuses described in this report demonstrate the need for reforms aimed at refocusing efforts on preventing, investigating, and prosecuting fraud—wherever it occurs—and stopping a vindictive Administration from cutting funding for Americans’ health care as a means of personal and political retaliation. Reforms should prioritize the following:

Collaboration: Program integrity efforts must be guided by a clear, transparent process that prioritizes collaboration between federal and state governments to prevent, investigate, and prosecute fraud rather than ambushing states. CMS and states should be encouraged to identify and remediate fraud before, not after, a funding action is initiated. Should a funding action be required, states should receive direct communication from CMS before any public announcement is made. Official notices should include details of the findings supporting the adverse action, specific steps to remediate the funding action, and an assessment of the action’s potential impact on beneficiaries’ access to care.

Evidence: CMS should support any adverse funding actions with specific, well-documented, credible evidence that justifies any reduction in Medicaid funding, and that evidence should be provided to the state at the time the adverse funding action is taken. Actions that lack sufficient evidence—including general allegations of fraud, those based exclusively on a comparison of spending data across states, or broad-based reductions unsupported by evidence linking the payment reduction to individual, fraudulent activity—should be presumptively invalid. Any CMS proposed reduction should be clearly tied to the expenditures in question.

Reforming the MFCU Certification Process: HHS OIG should be required to evaluate state MFCUs on clear and transparent criteria that are available to state agencies prior to a recertification analysis. HHS OIG should provide state MFCUs with a meaningful opportunity to remediate any alleged deficiencies, including by providing advance notice of potential adverse determinations and specific steps the state may take to address HHS OIG’s concerns. In the event of a decertification or conditional certification, HHS OIG

¹⁵⁸ See, e.g., Protect Our Care, *Hospital Crisis Watch* (<https://www.protectourcare.org/hospital-crisis-watch/>) (accessed Sept. 14, 2026); *MN Medicaid Providers In Limbo After Rapid Revalidation Process*, Fox 9 KMSP (July 1, 2026); *Advocates Say Thousands of Legitimate Providers Disenrolled From High-Risk Medicaid Programs*, MPR News (June 1, 2026); *Caught in Fraud Dragnet: Hospices Raise Alarm Over Suspended Payments, Cite Increasing Closures*, Hospice News (May 15, 2026).

¹⁵⁹ House Committee on Energy and Commerce and Senate Committee on Finance, *Trump’s Health Care Hit List: June 2026* (Aug. 2026).

must provide state agencies with a well-supported reason for the determination, a list of proposed steps to remediate its concerns, and a timeline for future review.

Transparency: State agencies and Congress must be fully informed about the federal determinations affecting health care for Americans. The administrative record related to any CMS funding action or decertification decision by HHS OIG should be immediately available on request. Furthermore, CMS should regularly report funding actions, their evidentiary basis, and anticipated impacts to the relevant congressional committees of jurisdiction, and make those reports available to the public.

VI. CONCLUSION

The actions documented in this report reveal a consistent pattern of the Trump Administration using anti-fraud tools for the purpose of exacting punishment on Trump's political enemies. As federal agents swept through Minneapolis in early 2026, CMS threatened to choke off Minnesota's Medicaid program.¹⁶⁰ Unbothered by the prospects of seniors and adults and children with disabilities losing their care, the Administration set its sights on California, New York, and Hawaii.¹⁶¹ Throughout, CMS and the broader Trump Administration exhibited abuse, incompetence, and callousness. It withheld and deferred funds from Minnesota without telling the state how and when it would release them.¹⁶² It classified California's efforts to keep patients out of institutions as inherently fraudulent.¹⁶³ It overstated home-based care use in New York State by over 1,000 percent in what was either deliberate manipulation or gross incompetence.¹⁶⁴ And, it recruited Trump's own newly installed HHS Inspector General to threaten Hawaii's and New York's fraud-fighting offices under the false pretense that defunding fraud-fighters will help the Administration better fight fraud.¹⁶⁵

The Administration's months-long "fraud fighting" campaign has revealed itself as principally a politically motivated assault against the sick, the disabled, and Democratic states. As President Trump, Vice President Vance, and Administrator Oz parade these actions as political victories, the most vulnerable Americans have borne the costs through the loss of their health care. This situation will only worsen beginning in January 2027 when state Medicaid programs must implement the draconian red-tape requirements of the Republicans' Big Ugly Bill. The Trump Administration is not prioritizing finding and fighting Medicaid fraud—it is fighting Medicaid and the people who rely on it, particularly those in Democratic states.

¹⁶⁰ See Section II.A.

¹⁶¹ See Sections II.A, II.B, II.C, III.B.

¹⁶² See Section II.A.

¹⁶³ See Section II.C.

¹⁶⁴ See Section II.B.

¹⁶⁵ See Section III.B.