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ONE HUNDRED NINETEENTH CONGRESS

# Congress of the United States

## House of Representatives

### COMMITTEE ON ENERGY AND COMMERCE

2125 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6115

Majority (202) 225-3641

Minority (202) 225-2927

January 16, 2026

The Honorable Tim Walz  
Governor  
State of Minnesota  
130 State Capitol  
75 Rev. Dr. Martin Luther King Jr., Blvd  
St. Paul, MN 55155

Ms. Shireen Gandhi  
Temporary Commissioner  
Minnesota Department of Human Services  
44 Lafayette Road  
St. Paul, MN 55155

Dear Governor Walz and Temporary Commissioner Gandhi:

Pursuant to Rules X and XI of the U.S. House of Representatives, the Committee on Energy and Commerce (Committee) writes to request information related to fraud, waste, and abuse (FWA) in Minnesota's Medicaid program. The Committee is concerned that your state is not taking necessary steps to prevent FWA that harms Medicaid enrollees, legitimate providers, and taxpayers.<sup>1</sup> The swath of criminal schemes coming to light in Minnesota include overbilling, false records, identity theft, and phantom claims in Medicaid social service and health programs for the elderly and disabled, people struggling with addiction, and homelessness.<sup>2</sup> To inform the Committee's oversight and potential legislative reforms, we are examining the extent of Medicaid fraud in Minnesota and actions the state has taken, and is taking, to strengthen program integrity.

In response to reports of FWA and recent law enforcement actions against criminal schemes, the Centers for Medicare & Medicaid Services (CMS) is auditing the Minnesota Medicaid program, freezing provider enrollment, and deferring payments on 14 high-risk programs, including adult companion, rehabilitative mental health services, individualized home supports, residential treatment services, and more.<sup>3</sup> According to CMS, these 14 programs alone

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<sup>1</sup> Joe Walsh, *What to know about Minnesota's "industrial-scale fraud" scandal, as more charges are filed and Trump weighs in*, CBS NEWS (Dec. 19, 2025), <https://www.cbsnews.com/news/what-to-know-minnesota-fraud-scandal-more-charges-filed-trump-walz/>.

<sup>2</sup> *Id.*

<sup>3</sup> Letter from Mehmet Oz, Administrator, Centers for Medicare & Medicaid Services to Tim Walz, Governor, State of Minnesota (Jan. 6, 2026), <https://x.com/DrOzCMS/status/2008737551016968580/photo/1>.

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cost \$3.75 billion in state and federal taxpayer dollars annually.<sup>4</sup> Moreover, CMS has determined:

that Minnesota's policies, practices, and oversight mechanisms violate section 1902(a)(64) of the [Social Security] Act, which requires states to ensure their state plans provide mechanisms to receive reports of alleged FWA and to compile and analyze related data. CMS has further found that Minnesota's policies, practices, and oversight mechanisms violate federal regulations at 42 CFR Part 455, Subpart A, which require states to implement methods for identifying, investigating, and referring suspected Medicaid fraud, including pathways to receive complaints from any source and methods for identifying questionable practices.<sup>5</sup>

If Minnesota fails to comply with federal Medicaid requirements, CMS will begin withholding Medicaid funds from the state until it comes into compliance and implements a corrective action plan to address rampant FWA.<sup>6</sup>

Fraud experts warn that criminals target states like Minnesota, which are perceived to have the "weakest ID checks, fastest payouts, and lowest audit risk," to set up fraudulent provider schemes.<sup>7</sup> Ongoing investigations into Minnesota's Medicaid program indicate that fraudulent provider schemes are rampant in health and community-based service programs, including residential drug and alcohol treatment, home health, housing, and autism service programs.<sup>8</sup>

Many of Minnesota's Medicaid programs were designed in such a way that made them vulnerable to fraud. The Housing Stabilization Support (HSS) program was established to "help people with disabilities and seniors find and keep housing in their own home."<sup>9</sup> Instead of

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<sup>4</sup> Notice of Opportunity for Hearing on Compliance of Minnesota State Plan Provisions Concerning Program Integrity and Fraud, Waste, and Abuse with Title XIX (Medicaid) of the Social Security Act, 91 Fed. Reg. 1539 (Jan. 14, 2026), <https://www.federalregister.gov/documents/2026/01/14/2026-00512/notice-of-opportunity-for-hearing-on-compliance-of-minnesota-state-plan-provisions-concerning>.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> Kerry Picket, *Criminals exploiting aid agencies in every state, fraud experts warn*, WASHINGTON TIMES (Jan. 6, 2026), <https://www.washingtontimes.com/news/2026/jan/6/fraud-experts-warn-criminals-exploiting-aid-agencies-every-state/>.

<sup>8</sup> See News Release, Minnesota Department of Commerce, Eight people charged with 67 felonies in Rice County, MN, in \$2.6 million Medicaid fraud scheme (May 17, 2024), <https://mn.gov/commerce/news/?id=17-624676>; see also Press Release, U.S. Attorney's Office, District of Minnesota, Three indicted in Medicaid fraud conspiracy scheme (Dec. 19, 2024), <https://www.justice.gov/usao-mn/pr/three-indicted-medicaid-fraud-conspiracy-scheme>; see also Joe Walsh, *What to know about Minnesota's "industrial-scale fraud" scandal, as more charges are filed and Trump weighs in*, CBS NEWS (Dec. 19, 2025), <https://www.cbsnews.com/news/what-to-know-minnesota-fraud-scandal-more-charges-filed-trump-walz/>; see also Ashley Grams, *Minneapolis duo charged with stealing more than \$3 million from Medicaid*, CBS NEWS (Jan. 13, 2026), <https://www.cbsnews.com/minnesota/news/guardian-home-health-medicaid-fraud-charges/>.

<sup>9</sup> Minnesota Department of Human Services, Housing Stabilization Services, [https://www.dhs.state.mn.us/main/idcplg?IdcService=GET\\_DYNAMIC\\_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs-316637](https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs-316637) (last visited Jan. 12, 2025).

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directly providing housing to those in need, HSS paid consultants to help people find housing, attracting fraudsters from all over the U. S. to register as HSS providers with low barriers to entry and little oversight over reimbursements.<sup>10</sup> Similarly, two individuals are alleged to have defrauded Medicaid home health services by overbilling Medicaid for over \$3 million between 2020 and 2024.<sup>11</sup> The scheme involved billing “for daily services at times when clients were in jail or hospitalized and couldn’t have received care.”<sup>12</sup> In another case, the U.S. Attorney’s Office for the District of Minnesota recently initiated an investigation into fraud in the Integrated Community Supports (ICS) program.<sup>13</sup> Like other home and community-based fraud schemes under investigation, the ICS program was vulnerable to overbilling for around the clock care that was not rendered and has experienced explosive growth beyond its estimated cost.<sup>14</sup>

The Trump Administration is taking swift action to curb Medicaid fraud in Minnesota and across the U.S.<sup>15</sup> In July 2025, the Working Families Tax Cuts law was signed into law by President Trump and implements needed reforms to target FWA within the Medicaid program, some of which will prevent the fraud schemes that occurred in Minnesota from happening again.<sup>16</sup> While federal reforms are ongoing, it is the duty of states to design Medicaid programs with adequate fraud control measures and work with CMS to swiftly identify and address vulnerabilities in programs. Unfortunately, this has not been the case in Minnesota. In fact, concerns raised by state officials about the widespread fraud were willfully ignored and suppressed.<sup>17</sup> Even worse, those who tried to blow the whistle and do the right thing feared or faced retaliation.<sup>18</sup>

Ensuring Medicaid program integrity is critical to preserving access to vital health care services for those that need it most. Every dollar stolen from the Medicaid program by fraudsters is taken from children, pregnant women, the elderly, and people with disabilities. Moreover, at

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<sup>10</sup> Press Release, U.S. Attorney’s Office, District of Minnesota, Defendants charged in first wave of housing stabilization fraud cases (Sept. 18, 2025), <https://www.justice.gov/usao-mn/pr/defendants-charged-first-wave-housing-stabilization-fraud-cases>; Press Release, U.S. Attorney’s Office, District of Minnesota, Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes (Dec. 18, 2025), <https://www.justice.gov/usao-mn/pr/six-additional-defendants-charged-one-defendant-pleads-guilty-ongoing-fraud-schemes>.

<sup>11</sup> Ashley Grams, *Minneapolis duo charged with stealing more than \$3 million from Medicaid*, CBS NEWS (Jan. 13, 2026), <https://www.cbsnews.com/minnesota/news/guardian-home-health-medicaid-fraud-charges/>.

<sup>12</sup> *Id.*

<sup>13</sup> Press Release, U.S. Attorney’s Office, District of Minnesota, Six Additional Defendants Charged, One Defendant Pleads Guilty in Ongoing Fraud Schemes (Dec. 18, 2025), <https://www.justice.gov/usao-mn/pr/six-additional-defendants-charged-one-defendant-pleads-guilty-ongoing-fraud-schemes>.

<sup>14</sup> *Id.*

<sup>15</sup> The White House, Fact Sheet: President Donald J. Trump establishes new Department of Justice division for national fraud enforcement (Jan. 8, 2026), <https://www.whitehouse.gov/fact-sheets/2026/01/fact-sheet-president-donald-j-trump-establishes-new-department-of-justice-division-for-national-fraud-enforcement/>.

<sup>16</sup> An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Pub. L. No. 119-21, 139 Stat. 78 (2025).

<sup>17</sup> See e.g., Rich McHugh, *Minnesota DHS workers accuse Gov. Walz of ignoring fraud warnings*, NEWSNATION (Dec. 1, 2025), <https://www.newsnationnow.com/politics/minnesota-dhs-tim-walz-fraud/>; Kaia Hubbard and Joe Walsh, *Minnesota lawmakers highlight fraud schemes at hearing before House committee*, CBS NEWS (Jan. 7, 2026), <https://www.cbsnews.com/news/minnesota-fraud-schemes-house-oversight-hearing/>.

<sup>18</sup> *Id.*

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the Committee's request, CMS recently briefed the Committee on what is currently known about the Medicaid fraud in Minnesota and actions CMS has taken to date. This further underscored the need for the Committee's oversight to ensure program integrity. To assist the Committee in its oversight, please provide written responses and all responsive documents and communications regarding Medicaid program integrity in Minnesota by January 30, 2026:

1. What program integrity measures are currently in place to prevent FWA in Minnesota Medicaid programs?
2. What program integrity measures were in place since January 7, 2019, to detect and prevent FWA in Minnesota Medicaid programs?
  - a. What enhancements, if any, have been made in the last year to detect and deter Medicaid fraud? When were those enhancements put in place?
3. What type of audits of the Medicaid program are ongoing?
4. Describe the process for making criminal referrals for suspected Medicaid fraud to state, local, and federal law enforcement agencies.
5. What steps is the State of Minnesota's Department of Human Services (DHS) taking to sanction or disenroll fraudulent providers that have been identified thus far? Please provide information about any sanctions or disenrollments of fraudulent providers, including all evidence supporting disenrollment proceedings.
6. How does DHS vet Medicaid service providers for compliance with federal law? Please describe Minnesota's process for screening, enrolling, and revalidating Medicaid providers, including but not limited to credentialing and site visits.
  - a. How frequently does DHS conduct on-site visits for Medicaid providers by federal screening risk category (limited, moderate, and high-risk), including out-of-state providers?
  - b. Are any programs, provider types, or enrollment pathways exempt from on-site visits, and what statutory or regulatory authority permits those exemptions?
7. Is DHS revalidating all Medicaid providers amid recent state and federal indictments and prosecutions of fraud? If so, please provide details and any relevant documentation regarding this process and the status of those efforts.
8. Does DHS collect data on Medicaid programs with abnormal or statistically significant increases in provider enrollment or claims over time, including programs which greatly exceed their estimated cost upon enactment?

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- a. If so, please detail the programs that have experienced abnormal or statistically significant increases, the data that was collected on the programs, and how this data has been used to inform assessments of program vulnerability to FWA?
9. Provide all audits related to the 14 Medicaid programs identified by DHS as “high-risk provider types,” including audits completed by third-party contract auditors:
  - a. Adult Companion Services,
  - b. Adult Day Services,
  - c. Adult Rehabilitative Mental Health Services,
  - d. Assertive Community Treatment,
  - e. Community First Services and Supports,
  - f. Early Intensive Developmental and Behavioral Intervention,
  - g. Housing Stabilization Services,
  - h. Individualized Home Supports,
  - i. Integrated Community Supports,
  - j. Intensive Residential Treatment Services,
  - k. Night Supervision Services,
  - l. Nonemergency Medical Transportation Services,
  - m. Recovery Peer Support, and
  - n. Recuperative Care.
10. Provide information on Minnesota’s active Section 1115 and 1915 demonstrations and waivers, including:
  - a. program name,
  - b. effective date,
  - c. budget,
  - d. spending,
  - e. enrollment,
  - f. services offered,
  - g. FWA measures, and
  - h. eligibility.
11. Provide all communications between Medicaid Director John Connolly, Governor Walz, staff in the Office of the Governor, and the Office of Legislative Auditor or third-party contracted auditors from January 7, 2019, to present.

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If you have any questions, please contact the Majority Committee staff at (202) 225-3641.

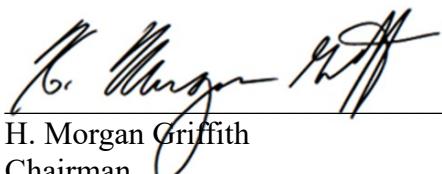
Sincerely,



Brett Guthrie  
Chairman  
Committee on Energy and Commerce



John Joyce, M.D.  
Chairman  
Subcommittee on Oversight and  
Investigations



H. Morgan Griffith  
Chairman  
Subcommittee on Health

cc: The Honorable Frank Pallone, Jr., Ranking Member, Committee on Energy and Commerce  
The Honorable Yvette D. Clarke, Ranking Member, Subcommittee on Oversight and Investigations  
The Honorable Diana DeGette, Ranking Member, Subcommittee on Health