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ONE HUNDRED NINETEENTH CONGRESS

Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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March 3, 2026

The Honorable Bob Ferguson
Governor
State of Washington
P.O. Box 40002
Olympia, WA 98504-0002

Ms. Angela Ramirez
Secretary
Washington State Department of Social and Health Services
1115 Washington St. SE
Olympia, WA 98504

Dear Governor Ferguson and Secretary Ramirez:

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 program integrity and fraud, waste, and abuse (FWA) in your state's Medicaid program.

Recent reports and law enforcement actions have exposed unprecedented levels of Medicaid fraud in the State of Minnesota and other states. The magnitude of the fraud demands states proactively address FWA in Medicaid programs.[1] The swath of criminal schemes coming to light in Minnesota include overbilling, falsifying records, identity theft, and phantom claims in Medicaid social service and health programs for the elderly and disabled, children with autism, people struggling with substance use disorders, and homelessness.[2] The Committee is concerned that your state's Medicaid programs may be similarly vulnerable to FWA that harms Medicaid enrollees, legitimate providers, and taxpayers. To inform the Committee's oversight and potential legislative reforms, we are examining Medicaid program integrity and actions your state has taken, and is taking, to proactively identify and root out FWA.

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[1] Alyssa Chen, *Report: Poor policy language may have cost $1.7B across 14 Medicaid services in Minnesota*, MINNESOTA REFORMER (Feb. 6, 2026), https://minnesotareformer.com/2026/02/06/report-poor-policy-language-may-have-cost-minnesota-1-7b-across-14-medicaid-services/; *see also* Letter from Mehmet Oz, Administrator, U.S. Centers for Medicare and Medicaid Services, to The Hon. Janet Mills, Governor of Maine and Sara Gagné-Holmes, Comm'r, Maine Dep't of Health and Human Services (Feb. 6, 2026), https://x.com/DrOzCMS/status/2019894197466116237/photo/1.

[2] 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/; Press release, The Office of Minnesota Attorney General Keith Ellison, Two plead guilty to Medicaid fraud in case Attorney General Ellison investigated jointly with U.S. Attorney's Office (Oct. 22, 2025), https://www.ag.state.mn.us/Office/Communications/2025/10/22_EvergreenRecovery.asp.

In fiscal year 2024, Washington State Medicaid (Apple Health) spending totaled $21 billion ($13.2 billion in federal funding) and covered over 1.8 million people.[3] Medicaid spending in Washington State has quintupled, from $7.85 billion in the 2013-2015 state operating budget to $42 billion in the 2025-2027 state operating budget."[4] Washington State broadly defines Medicaid eligibility and administers several Medicaid programs that are considered high risk for FWA.[5] In Washington State, these include clinical laboratory services, durable medical equipment (DME), and behavioral health and substance abuse disorder (SUD) treatment.[6]

Recent fraud investigations and convictions related to Washington State's Apple Heath programs are concerning. As noted in the Oversight and Investigations Subcommittee's recent hearing on common schemes in Medicare and Medicaid, "[l]aboratory services and genetic testing continue to be a problem."[7] Last year, an urgent care clinic was allegedly overbilling Apple Health and Medicare for respiratory and urinary tract infection diagnostic tests through a fraud scheme known as unbundling.[8] Unbundling inflates billing costs by separating laboratory tests that are typically billed together, which increases the cost, and often involves unnecessary testing.[9] The urgent care agreed to pay $2.8 million to resolve the claims of fraudulent overbilling.[10]

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[3] Medicaid and CHIP Payment Access Commission, MACStats, Exhibit 16, Medicaid Spending by State, Category, and Source of Funds, FY 2024, 46, https://www macpac.gov/wp-content/uploads/2026/01/EXHIBIT-16.-Medicaid-Spending-by-State-Category-and-Source-of-Funds-FY-2024.pdf; U.S. Centers for Medicare and Medicaid Services, December 2024: Medicaid and CHIP Eligibility Operations and Enrollment Snapshot, 27 (Apr. 30, 2025), https://www.medicaid.gov/resources-for-states/downloads/eligib-oper-and-enrol-snap-december2024.pdf.

[4] TJ Martinell, *Fiscal fallout: How Washington Medicaid spending quintupled over a decade*, THE CENTER SQUARE (July 22, 2025), https://www.thecentersquare.com/washington/article_8d11d348-4dcd-46a5-845a-83e542462438.html.

[5] U.S. Centers for Medicare and Medicaid Services, Medicaid, Children's Health Insurance Program, & Basic Health Program Eligibility Levels, https://www.medicaid.gov/medicaid/national-medicaid-chip-program-information/medicaid-childrens-health-insurance-program-basic-health-program-eligibility-levels (last visited Feb. 9, 2026); *see also* Letter from Mehmet Oz, Administrator, U.S. Centers for Medicare and Medicaid Services, to The Hon. Janet Mills, Governor of Maine and Sara Gagné-Holmes, Comm'r, Maine Dep't of Health and Human Services, 2 (Feb. 6, 2026), https://x.com/DrOzCMS/status/2019894197466116237/photo/1.

[6] *See* Health Care Fraud Prevention Partnership, Examining Clinical Laboratory Services: A Review by the Healthcare Fraud Prevention Partnership, 7 (May 2018), https://www.cms.gov/files/document/download-clinical-laboratory-services-white-paper.pdf; *see also* U.S. Centers for Medicare and Medicaid Services, CMS Fraud Hot Spot: DMEPOS Suppliers (Sept. 2025), https://www.cms.gov/files/document/hot-spot-dmepos-suppliers.pdf; *see also* Isaac Asamoah, *Fraud, waste, and abuse schemes in the addiction treatment industry*, Association of Certified Fraud Examiners (Dec. 2023), https://www.acfe.com/acfe-insights-blog/blog-detail?s=fraud-waste-and-abuse-addiction-treatment-industry.

[7] *Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. (Feb. 3, 2026), https://energycommerce house.gov/events/oversight-and-investigations-common-schemes-real-harm-examining-fraud-in-medicare-and-medicaid.

[8] Press Release, U.S. Attorney's Office, Eastern District of Washington, Tri-Cities urgent care clinic agrees to pay $2.8 million to resolve claims of overbilling for diagnostic tests (Sept. 24, 2025), https://www.justice.gov/usao-edwa/pr/tri-cities-urgent-care-clinic-agrees-pay-28-million-resolve-claims-overbilling.

[9] *Id.*

[10] *Id.*

A recent case prosecuted by the U.S. Attorney's Office for the Eastern District of Washington exposed a DME fraud scheme that was perpetrated by a sleep medicine physician.[11] To perpetrate the scheme, the physician purchased recalled Continuous Positive Airway Pressure (CPAP) and Bilevel Positive Airway Pressure (BiPAP) machines, modified them, and gave them to his patients for the purposes of fraudulently billing Medicaid as if they were new devices.[12] The adulterated devices were previously recalled due to serious potential health risks, including "inflammatory response, asthma, nausea or vomiting, and toxic or cancer-causing effects" and were not suitable for use.[13]

Last year, a Florida-based company, Lincare Holdings, Inc., was ordered to pay Washington State $1.15 million for overbilling leased oxygen DME to Washington State Medicaid for a period of two years more than was allowable under state law.[14] This followed the U.S. Attorney's Office for the Eastern District of Washington reaching a settlement with Lincare to pay $29 million to resolve claims of overbilling Medicare for oxygen equipment.[15]

In 2022, Paul Means, a psychiatric and mental health nurse practitioner and operator of Abilia Healthcare was charged with billing Apple Health more than $5 million in false claims lacking documentation, including instances of creating false patient diagnoses and billing for psychotherapy that did not take place.[16] In this elaborate and years-long alleged scheme, Means and his employees would provide medical services to patients in SUD facilities, often holding short 10 or 15 minute sessions with patients, but would bill for more elaborate patient psychotherapy evaluations and encounters by altering patient medical records.[17] Mr. Means altered patient notes after the fact with the assistance of individuals residing in the Philippines and text-generating software.[18]

A mental health counselor in Spokane and his company paid $135,000 to settle allegations that he fraudulently billed Washington State Medicaid for unlicensed and unqualified

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[11] Press Release, U.S. Attorney's Office, Eastern District of Washington, Local physician pleads guilty to adulterating and misbranding medical devices with the intent to defraud (Dec. 18, 2025), https://www.justice.gov/usao-edwa/pr/local-physician-pleads-guilty-adulterating-and-misbranding-medical-devices-intent.
[12] *Id.*
[13] *Id.*
[14] News Release, Washington State Office of the Attorney General, Lincare to pay Washington State $1.15 million in AG Ferguson's Medicaid fraud investigation (Jan. 13, 2025), https://www.atg.wa.gov/news/news-releases/lincare-pay-washington-state-115-million-ag-ferguson-s-medicaid-fraud.
[15] Press Release, U.S. Attorney's Office, Eastern District of Washington, Lincare Holdings Agrees to Pay $29 Million to Resolve Claims of Overbilling Medicare for Oxygen Equipment in Largest-Ever Health Care Fraud Settlement in Eastern Washington (Aug. 28, 2023), https://www.justice.gov/usao-edwa/pr/lincare-holdings-agrees-pay-29-million-resolve-claims-overbilling-medicare-oxygen.
[16] News Release, Washington State Office of the Attorney General, Attorney General files criminal charges against Spokane-based health business for fraud, organized crime (Dec. 16, 2022), https://www.atg.wa.gov/news/news-releases/attorney-general-files-criminal-charges-against-spokane-based-health-business.
[17] *Id.*
[18] *Id.*

mental health therapy that did not meet Medicaid qualification requirements, were not contracted with the state to provide services, and were not eligible for Medicaid reimbursement.[19]

At the Committee's request, the Centers for Medicare and Medicaid Services (CMS) briefed the Committee in January on what is currently known about the Medicaid fraud in Minnesota and actions CMS has taken to date to investigate FWA in other states. This further underscored the need for the Committee's oversight to ensure program integrity in states nationwide. The Committee subsequently launched an investigation into Medicaid fraud in Minnesota.[20] The Committee's Subcommittee on Oversight and Investigations then held a hearing on February 3, 2026, entitled "Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid."[21] The hearing examined fraud within Medicare and Medicaid, including common fraud schemes plaguing these programs, and how these schemes have changed over time; aspects of program design that make these programs vulnerable to fraud; and high risk areas for fraud in these programs.[22] The hearing reinforced that Medicaid fraud is not limited to Minnesota and confirmed that Medicaid fraud investigators "see that fraud schemes cross state lines far more than they used to."[23] Expert witnesses testified that Medicaid programs experiencing high rates of fraud include Applied Behavioral Analysis (ABA) services for children with Autism Spectrum Disorder (ASD), non-emergency medical transportation (NEMT), home and community based services (HCBS), laboratory services, SUD treatment, and hospice.[24] Regarding ABA services fraud, Jessica Gay, a Certified Fraud Examiner, testified that:

> The concerns around these [ABA] services and misuse of millions of dollars of resources are discussed at every program integrity conference I've attended for the past several years. It should be on every state's radar; we started working ABA cases in the CHIP spaces 6 years ago. If a state isn't

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[19] Press Release, U.S. Attorney's Office, Eastern District of Washington, Spokane mental health counselor agrees to pay more than $135,000 for fraudulent Medicaid billing (Feb. 25, 2022), https://www.justice.gov/usao-edwa/pr/spokane-mental-health-counselor-agrees-pay-more-135000-fraudulent-medicaid-billing?.

[20] Letter from The Hon. Brett Guthrie, Chairman of H. Comm. on Energy & Commerce, et al., to The Hon. Tim Walz, Governor of Minnesota and Temp. Comm'r, Minnesota Dept. of Human Services (Jan. 16, 2026), https://d1dth6e84htgma.cloudfront.net/1_16_2026_MN_Medicaid_Fraud_Letter_944a806843.pdf.

[21] *Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. (Feb. 3, 2026), https://energycommerce house.gov/events/oversight-and-investigations-common-schemes-real-harm-examining-fraud-in-medicare-and-medicaid.

[22] *Id.*

[23] *Id.* at 35 (statement of Kaye Lynn Wootton, President, National Association of Medicaid Fraud Control Units), Unofficial Hearing Transcript.

[24] *See Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. at 9 (Feb. 3, 2026) (written testimony of Kaye Lynn Wootton, President, National Association of Medicaid Fraud Control Units), https://docs.house.gov/meetings/IF/IF02/20260203/118917/HHRG-119-IF02-Wstate-WoottonJDK-20260203.pdf; *see also Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. at 4 (Feb. 3, 2026) (written testimony of Jessica Gay, Vice President and Co-Founder, Integrity Advantage), https://docs.house.gov/meetings/IF/IF02/20260203/118917/HHRG-119-IF02-Wstate-GayCPCAHFICFEJ-20260203.pdf.

> monitoring ABA services closely, they are likely missing a considerable area where FWA is committed.[25]

Mrs. Gay further noted that in Medicaid programs relying on self-attestation, such as HCBS, "there needs to be additional oversight in our self-reporting across the board for eligibility both for provider participation as well as member eligibility."[26] Additionally, Kaye Lynn Wootton, President of the National Association of Medicaid Fraud Control Units, testified that:

> Non-Emergency Medicaid Transportation fraud schemes include providers illegally billing Medicaid for: (1) "ghost rides" that were never provided; (2) tolls that were never incurred during trips, (3) individually billed rides when group rides were actually provided; (4) trips that were falsely billed when recipients were deceased, incarcerated or hospitalized; (5) trips provided by providers that paid kickbacks to Medicaid recipients to induce them to choose that provider to provide transportation; and (6) trips that never occurred but for which the provider paid the recipient a kickback. [27]

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. 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. To assist the Committee in its oversight, please provide written responses and all responsive documents regarding Medicaid program integrity by March 17, 2026:

1. What actions, if any, are being taken to identify, assess fraud risk, and investigate Medicaid fraud schemes that may be occurring in the state?

    a. Please provide all audits related to fraud, waste, and abuse in the state's Medicaid programs including audits completed by third-party contract auditors, from January 1, 2021, to present.

    b. Are any audits of the Medicaid program ongoing? If so, please detail the type of audits that are ongoing.

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[25] *Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. at 4 (Feb. 3, 2026) (written testimony of Jessica Gay, Vice President and Co-Founder, Integrity Advantage), https://docs.house.gov/meetings/IF/IF02/20260203/118917/HHRG-119-IF02-Wstate-GayCPCAHFICFEJ-20260203.pdf.

[26] *Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. at 26 (Feb. 3, 2026) (statement of Jessica Gay, Vice President and Co-Founder, Integrity Advantage), Unofficial Hearing Transcript.

[27] *Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid: Hearing Before the H. Comm. on Energy & Commerce, Subcomm. on Oversight & Investigations,* 119th Cong. at 11 (Feb. 3, 2026) (written testimony of Kaye Lynn Wootton, President, National Association of Medicaid Fraud Control Units), https://docs.house.gov/meetings/IF/IF02/20260203/118917/HHRG-119-IF02-Wstate-WoottonJDK-20260203.pdf.

2. What program integrity measures are currently in place to prevent FWA in your state's Medicaid programs?

3. Describe the process for making criminal referrals for suspected Medicaid fraud to state, local, and federal law enforcement agencies.

4. What steps are being taken to sanction or disenroll fraudulent Medicaid providers? Please provide information about any sanctions or disenrollments of fraudulent providers, including all evidence supporting disenrollment proceedings.

5. How are Medicaid service providers screened for compliance with federal law?[28] Please describe the process for screening, enrolling, and revalidating Medicaid providers, including but not limited to credentialing and site visits.

    a. Are additional provider screening efforts imposed in addition to federal requirements to screen, enroll, and revalidate Medicaid providers? [29] If yes, please describe these processes.

    b. How frequently are on-site visits conducted by your state for Medicaid providers by federal screening risk category (limited, moderate, and high-risk), including out-of-state providers?

    c. Are any programs, provider types, or enrollment pathways exempt from on-site visits, and what statutory or regulatory authority permits those exemptions?

6. How does your state designate and evaluate risk level of provider types in the Medicaid program in accordance with 42 C.F.R. § 455 subpart E? Please provide the state's current Medicaid programs classified by screening risk level (limited, moderate, and high categorical risk).

    a. Have any Medicaid programs' categorical risk levels been reassigned since January 1, 2021? If so, please describe which program(s) were reassigned, including any supporting evidence that contributed to risk reassignment.

    b. How often does your state reevaluate Medicaid provider screening risk level?

7. Does your state 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?

    a. If so, please detail the programs that have experienced abnormal or statistically significant increases since January 1, 2021, the data that was

[28] Screening levels for Medicaid providers, 42 C.F.R. § 455 subpart E (2011).
[29] *Id.*

collected on the programs, and how this data has been used to inform assessments of program vulnerability to FWA.

b. Is your state utilizing innovative tools, including but not limited to identity verification, artificial intelligence, and data analytics, to detect irregular Medicaid claims activity? If so, please describe these tools.

c. If you don't collect this data, why not?

8. Please provide information on active Section 1115 and 1915 demonstrations and waivers, from January 1, 2021, to present, including:

   a. program name;
   b. provider category risk level;
   c. effective date;
   d. spending;
   e. enrollment;
   f. services offered;
   g. FWA measures; and
   h. eligibility.

9. Please provide information regarding improper payments and recovery efforts in your state's Medicaid program, including:

   a. Total Medicaid improper payments identified annually from January 1, 2021, to present, broken out by provider type and service category where available.
   b. Total recoveries and recoupments of improper Medicaid payments annually from January 1, 2021, to present.
   c. The average amount of time between identification of suspected fraudulent or improper payments and recovery, enforcement action, or case resolution.
   d. The extent to which the state utilizes payment suspension authority pursuant to 42 CFR § 455.23, including the number of payment suspensions issued annually since January 1, 2021, and the provider types or services impacted.
   e. The extent to which the state has pursued civil enforcement actions, including actions under state or federal False Claims Act authorities, related to Medicaid FWA since January 1, 2021.

10. Please provide information regarding screening, oversight, and enforcement actions related to Medicaid fiscal intermediaries, including:

    a. Screening, enrollment, credentialing, and monitoring requirements for fiscal intermediaries participating in Medicaid programs.
    b. Oversight mechanisms used to monitor caregiver time reporting, billing accuracy, and verification of services furnished through fiscal intermediaries.

c. The frequency and scope of audits conducted on fiscal intermediaries since January 1, 2021, including audits conducted by the state or third-party contractors.
d. The number of fiscal intermediaries that have been terminated, sanctioned, suspended, or otherwise subject to corrective action since January 1, 2021, and the basis for those actions.

If you have any questions about this request, 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