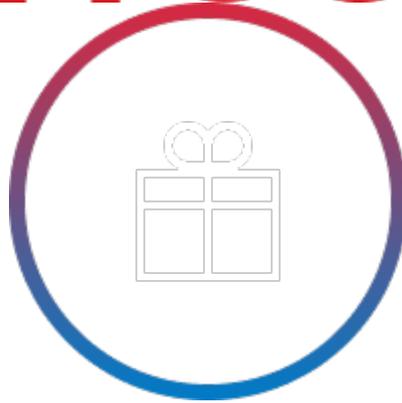


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Why Trump is cracking down on Medicaid services provided at home

BY ROBERT KING | 03/16/2026 05:55 AM EDT



The Trump administration is scrutinizing spending on home care for Medicaid beneficiaries because of spending that surged during the pandemic. | Joe Raedle/Getty Images

Federal and local governments have long helped people with chronic conditions live independently, offering at-home assistance with bathing, dressing and other needs. But a sharp uptick in personal care services for Medicaid beneficiaries has the Trump administration on a hunt for fraud with states as their target.

Government health programs that offer personal care services aim to ensure patients stay out of nursing homes and hospitals, which can be more costly and expose patients to viruses. During the pandemic, the number of providers offering personal care at home grew and oversight became more lax.

It created an opportunity for criminals to exploit that has continued, said Brian Blase, executive director of the right-leaning think tank Paragon Health Institute, in a statement to POLITICO.

“In some cases, Medicaid is paying for services that are difficult to verify and may never be delivered at all,” said Blase. “Weak documentation requirements, limited oversight, and fragmented program administration create opportunities for providers and intermediaries to bill for services that taxpayers finance, but beneficiaries never receive.”

A fraud crackdown could have a lasting impact on how states handle home and community-based services. Those services are among the most expensive in Medicaid, the federal-state insurer for around 75 million low-income and disabled people.

In 2021, Medicaid spent \$82 billion on home and community-based services. That was much more than it paid for similar services in facilities like hospitals or nursing homes, which ran \$68 billion, according to a 2025 report from the Medicaid and CHIP Payment Advisory Commission, which advises Congress on the programs.

The number of Medicaid beneficiaries who get home and community-based services increased from 7.5 million in 2021 to 8.4 million in 2023, [according to a 2025 report from the Centers for Medicare and Medicaid Services, an agency within the Health and Human Services Department](#). This homeward shift comes with increased opportunities for not only fraud but incorrect billing, health policy and legal experts say.

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“We are talking about services being delivered in homes and communities instead of the office or institution and organizations familiar with Medicaid billing,” said Alice Burns, associate director for the Medicaid and uninsured program at health research organization KFF.

Covid rush

States are required to cover hospital and nursing home care for older Americans, but they can get a waiver from CMS to cover home care services such as help with cleaning and preparing meals.

CMS considers home care services different from home health services because medical care is not delivered in the former.

The pandemic greatly accelerated the transition to home care as nursing facilities became one of the most dangerous places to get Covid-19 and hospitals became inundated with cases.

In response, many states expanded who got paid for caregiving.

Normally a home care company provides workers it’s vetted. But during the pandemic, more states started to enable families of caregivers to get paid under Medicaid.

In 2022, 48 states allowed relatives to be paid caregivers, up from 36 states in 2020, according to a [report from KFF](#). Almost all states raised payment rates in 2022 for home health providers amid a shortage of health workers due to the pandemic.

Congress also increased federal Medicaid funding to states during the pandemic if they agreed not to drop anyone off their rolls. This funding was eventually wound down starting in the spring of 2023.

The shift to paying family and friends to provide care made it easier for fraudsters to game the system, one legal expert said.

“It was easy money during Covid, and I think it encouraged bad actors and people on the edge to fudge a little bit and open companies that weren’t needed,” said Stanley Friedman, a former federal prosecutor who now represents providers in criminal cases.

Enabling beneficiaries to pay family members dramatically weakened safeguards against fraud and led to problems such as inflated hours or non-delivery of services, wrote Blase [in a policy brief last month](#).

“Addressing these problems will require a nationwide effort,” he said in a statement in response to questions from POLITICO. “Federal agencies, states, and local officials all need to play a role in verifying who is eligible for services, whether those services are actually being delivered, and at a reasonable payment rate.”

A CMS spokesperson said the agency still sees the value in personal care services. However, when standards are not “sufficiently rigorous, they risk diverting resources away from the most vulnerable individuals,” the spokesperson said in a statement.

“CMS is working collaboratively with states to assess program integrity risks, identify vulnerabilities, and strengthen oversight safeguards,” the spokesperson said.

Future of home care

The administration and Republicans in Congress have zeroed in on personal care fraud in several ways. The Energy and Commerce Committee recently asked 10 states for more information about a variety of programs, including personal care services.

CMS is probing state Medicaid programs and in some instances has targeted funding. The federal government and the states share Medicaid costs.

The agency has sought to cut \$2 billion in future Medicaid payments to Minnesota and withhold \$243 million in payments the state is owed. CMS argued the payments were linked to suspect claims, which the state has refuted in a federal lawsuit making its way through the courts.

Minnesota has appealed the funding cuts and Democratic Gov. Tim Walz has called the actions politically motivated.

The state has [taken several actions to clamp down](#) on fraud, including reviewing all existing Medicaid providers to root out bad actors. It's also sent inspectors to review the work of providers who offer services particularly susceptible to fraud. Minnesota paused through 2027 new applications for home and community-based service provider licenses after an unprecedented increase in the prior five years.

CMS Administrator Mehmet Oz also demanded answers from New York about high spending on personal care services and other programs like adult day care. Oz wrote in a letter to state officials that New York spends \$90 billion a year on Medicaid, one of the highest in the country.

"One of the leading drivers of this high expenditure appears to be related to the workforce delivering long-term care, particularly home-based personal care services," Oz wrote. "Between 2023 and 2024, the home health and personal care aide job category represented 38 percent of all job growth in New York."

The state's health department told POLITICO it is reviewing the letter. The department added that it takes concrete steps to address fraud and abuse.

"While some in Washington want to score political points at the expense of vulnerable New Yorkers, they should instead look to us as a model for how to improve these programs," the state health department said.

It remains unclear how the fraud crackdown will impact the shift to home care.

Minnesota, for one, said that it is not going to retreat on its home health programs in response to the crackdown.

"Our goal is to root out fraudulent actors from those services, not punish recipients by withdrawing coverage," the state's Department of Human Services said in a statement. "We are hardening our systems against fraud using new tools that better verify services were provided as billed. That is what Minnesotans who use Medicaid deserve."

CMS' fraud microscope isn't the only thing influencing state decisions on what to pay for. States are already trying to figure out how to handle a nearly \$1 trillion cut to Medicaid funding in the [One Big, Beautiful Bill Act](#) Congress passed in July.

"The last time states saw a reduction in Medicaid spending all of them cut their home care program," said KFF's Burns.

But some states may instead decide to expand their home health program because it is still cheaper than shifting people to a hospital or nursing home.

"If we do see that retrenchment [it] will be hard to know how much will be made on fraud versus other changes to Medicaid," Burns said.

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