

Oz holds up more Minnesota Medicaid funding due to fraud

The decision to withhold \$91 million is the latest cut to Medicaid funding for the state, which has drawn CMS' ire over fraud integrity failures.

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The Trump administration is holding back \$91 million in federal Medicaid funding to Minnesota, the latest in an escalating feud with the blue state over fraud.

Centers for Medicare and Medicaid Services Administrator Mehmet Oz announced Thursday the money was linked to potentially suspect medical claims. CMS has already withheld \$259 million in Medicaid dollars due to the state because of fraud concerns.

"We cannot and will not pay bad bills so we're asking for more information from Minnesota to verify these bills," Oz posted on X on Thursday.

Minnesota's Department of Human Services, which oversees Medicaid, said in a statement that it had been fighting fraud for more than a year and was disappointed in the latest action.

"We are disappointed to learn that CMS will extend deferrals of needed funds for another quarter," said Commissioner Shireen Gandhi in a statement. "Nonetheless, the department will continue to fight against the criminals who target Medicaid programs."

Oz posted that of the \$91 million, \$76 million was tied to 14 services that are highly linked to fraud. These can include personal care services such as cleaning or dressing someone who is chronically ill or autism behavioral therapy. The remaining \$14 million "involves program integrity concerns, including payments for ineligible individuals," Oz said.

The deferral is the latest twist in a months-long feud between Minnesota and CMS.

The agency on Jan. 6 announced it will withhold \$2 billion in future Medicaid payments due to "substantial noncompliance" with federal guidelines to fight fraud. In February, Oz and Vice President JD Vance announced the \$259 million deferral.

Oz announced the money was on hold because of questions about whether the claims were suspect, including because they might be linked to services for illegal immigrants.

The \$2 billion cut is on hold for now after CMS announced approval of Minnesota's plan to fight fraud last month. CMS did not return a request for comment on whether it is requiring another plan from Minnesota.

Minnesota has sued CMS over the \$259 million deferral, saying that it was politically motivated and larger than previous deferral amounts. The case is pending.

Oz has taken several other steps to target fraud, but Minnesota is the only one that has experienced a federal funding cut. He recently announced that all states will need to develop a plan to validate its health providers who offer Medicaid services that are at high risk of fraud.