

Oz's Medicaid fraud war room is prompting 'aggressive' state crackdowns

The Trump administration and states are policing Medicaid spending on autism therapy. Vulnerable children are losing access.

Trump has leaned on his health secretary, Robert F. Kennedy Jr., and Medicaid administrator, Mehmet Oz, to crack down on fraud. | AFP via Getty Images

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One autism therapy provider in Nebraska recently lost half its staff and has a growing wait list of children who can't access services. A small Colorado practice is losing out on tens of thousands of dollars as it continues treating a child whose care was suddenly denied. An autism clinic in New York has stopped accepting Medicaid patients.

They say they are suffering because of the Trump administration's crackdown on Medicaid fraud, even though none of the providers have been found guilty of fraud. Rather, they told POLITICO the push to root out bad actors by both President Donald Trump and the states — through funding cuts, staffing rules and new paperwork — is raising costs across the industry, and curbing access to services for children with autism.

"Yes, there were bad apples, and, absolutely, we agree there should be oversight," said Holly Creamer, senior clinical director at Heartland ABA, an autism therapy provider in Nebraska. "The oversight should not equate to taking services away from kids and families who need it."

The fraud crackdown has found plenty of wrongdoing. In Minnesota, providers took advantage of regulatory loopholes to charge outsized fees and billed Medicaid for services they never provided. It cost the program tens of millions of dollars. Similar stories are emerging in other states.

But the crackdown's impact on legitimate providers — particularly independent, rural clinics — highlights the unintended ripple effects for both the businesses and the millions of American children who need the care. According to the latest federal data, 1 in 31 children has autism, a neurological condition that affects the ability to communicate, up from 1 in 150 a generation ago. Specialists in the condition say it's mostly the result of improved diagnostic criteria.

Service providers said they support more regular audits to catch fraud, but they need clearer guidelines from states amid an uptick in unexplained Medicaid denials and new, “burdensome” paperwork requirements.

“Right now, there’s really blunt instruments that are being used across the board. They’re going to negatively impact all providers, and then ultimately children and families, because it will reduce access to care,” said Becky Thompson, president of the Wisconsin Autism Providers Association.

Stopping bad actors without inadvertently hurting legitimate providers “requires surgical precision,” but that’s not happening, she said.

Autism’s rise

Children with autism may need a range of services, depending on the severity of their condition. Those can include help with language and speech, motor skills and emotional support.

National Medicaid spending on autism therapy has skyrocketed, jumping from \$660 million in 2019 to \$2.2 billion in 2023, according to federal data.

In 2014, Medicaid rules mandated autism therapy coverage for low-income people who rely on the state-federal program for health insurance, but states were slow to add controls to ensure the therapy was science-based and that bills were rational.

Mehmet Oz, the former TV host who now oversees Medicaid for the Trump administration, has prioritized combating the resulting fraud. His [Medicaid Fraud War Room](#) has targeted states with egregious examples of fraudulent billing for autism therapy — like in Minnesota, where [the Justice Department charged 15 defendants in a \\$90 billion scheme](#). A federal audit earlier this year [found hundreds of millions of dollars in potentially improper Medicaid payments](#) for autism therapy across four states: Colorado, Indiana, Maine and Wisconsin.

Oz has accused states of looking the other way. “Stealing money from Medicaid is not a flaw for a lot of states, it’s a feature of the program,” Oz [told Fox News earlier this month](#).

A CMS spokesperson told POLITICO “rooting out any fraud, waste, and abuse in autism services is a priority” across the Department of Health and Human Services.

“The agency remains committed to ensuring Medicaid beneficiaries receive care that is safe, appropriate, and delivered with integrity, while continuing to work with states and partners to strengthen oversight to ensure stewardship of taxpayer dollars and improve outcomes,” the spokesperson said.

In the states

Patients and providers say they are suffering the consequences of aggressive fraud-busting efforts.

Sixty-eight of the 80 children Holly Creamer’s Heartland ABA serves across Nebraska are enrolled in Medicaid. About 40 additional children on the company’s wait list for therapy can’t get care because of new rules Nebraska implemented in July tightening therapy supervision, among other changes, she said.

A pay cut the state implemented forced Creamer to reduce pay for 15 of her workers, seven of whom then opted to resign, leaving her with only three full-time therapists in Nebraska. The state also added a requirement that a second staffer supervise the therapy in-person once a month, and when the change is fully implemented, Creamer said she expects to lose nearly all 35 telehealth supervisors, as they don’t live in Nebraska. She said two remote supervisors have indicated they’re willing to drive hours to observe the therapy in-person for rural patients.

In 23 counties across Nebraska, there are no other providers of the therapy within 120 miles.

“They don’t understand what it’s like living in a rural area,” said Heather Kuhl, whose daughter has Down syndrome and autism and has received therapy through Heartland ABA five days a week for the past few years. Kuhl lives in Wausa, Nebraska: population 592. The clinic informed Kuhl that her daughter will likely lose access to its services within months because of the in-person supervision requirement.

“There’s not enough supervisors in the region,” Kuhl said. “I’ll be on my own again.”

In Colorado, a small autism therapy provider said it absorbed a nearly \$15,000 loss since May because the state Medicaid program started denying care for a patient with autism who was previously approved for treatment.

The provider has appealed the decision and is treating the patient without pay.

“I have to take the gamble of hoping I win in court, so I can get paid retroactively for all the services that they aren’t paying me for,” said Rebecca Urbano Powell, the executive director of Seven Dimensions Behavioral Health, the Colorado autism therapy provider. “Otherwise, it’s going to be a loss that I’m choosing to take because I don’t want to deny this child treatment that he desperately needs.”

Last August, Nebraska cut Medicaid reimbursement nearly in half for providers of a popular autism therapy that teaches basic life skills, such as communication and social interaction, brushing teeth and getting dressed. Earlier this year, New York cut reimbursement for the services by a quarter, while Indiana implemented a 6% cut and Colorado a 5% cut. Virginia placed a 20-hour-a-week cap on the therapy for children on Medicaid, and Indiana instituted a 4,000-hour lifetime cap. North Carolina placed a freeze on out-of-state therapy providers enrolling in Medicaid, and several states are now requiring patients get the care reapproved more frequently or are beefing up providers’ documentation and credentialing requirements.

It’s making it harder to meet demand for autism therapy that has never been higher amid the rapid increase in children diagnosed with autism, providers say.

“You have to be able to pay your bills, cover your rent, cover employees’ salaries and keep the lights on, in order to provide the service,” said Mariel Cremonie-Fernandez, vice president of government affairs for the Council of Autism Service Providers. “Some states are getting very close to rates that would effectively prohibit folks from continuing to operate in the space.”

Striking a balance

State Medicaid programs argue policy changes are the result of state budget cuts or are necessary to address upticks in fraud and overpayments to providers.

Colorado is trying to correct for issues identified in a March federal audit [finding tens of millions of dollars in improper Medicaid payments for autism services](#), said Adela Flores-Brennan, the state Medicaid director, in an interview with POLITICO. The state has tightened documentation rules for providers after the audit found issues with improper billing and the process for verifying services that were provided.

Flores-Brennan noted that as the state continues to see revenue decrease, partly because of Medicaid cuts enacted in Republicans' [One Big Beautiful Bill Act](#), "there are a number of providers being impacted." But she added the state Medicaid agency hasn't been too concerned about the recent rate cut potentially impacting access to autism therapy, as it came on the heels of a large pay boost for the providers in 2023.

"We've seen just a pretty significant increase year-over-year in the number of providers in the space, and so at this point there's not evidence to suggest that we need to be concerned about access," Flores-Brennan said.

Will Martin, an autism therapy provider in Colorado, said providers are concerned that the state's rate cut was conducted through an executive order from the governor — raising fears that more cuts could come in future years without approval from the legislature. Martin said though Colorado providers haven't started shuttering their doors yet amid the lower pay and more "burdensome" paperwork requirements, they're starting to experience longer wait times for care approvals, hampering access to early intervention for young kids with autism, which [research has shown is critically important in reducing autism symptoms](#).

"When you introduce a lot of uncertainty around how rates will be set moving forward, that sets up a really uncertain regulatory environment that can really impact access, particularly in rural communities, and particularly for children and families who rely on Medicaid," he said.

Providers largely support states' efforts to dismiss dishonest Medicaid recipients in the autism therapy field, specifically large, private-equity backed companies that have flooded the space and taken advantage of high reimbursement rates states were offering. They're in favor of states using more regular audits to claw back money from providers who overbill and crack down on the specific clinics abusing the system. Providers in states like Colorado and Nebraska said they also want more clear guidelines from their states on exactly what their treatment plans must contain and what documentation they need to support medical necessity, as well as stronger licensing rules for providers.

In Nebraska, Democratic state Sen. John Fredrickson said the national narrative around Medicaid fraud led Republicans to turn to blunter tools like rate cuts and strict staffing requirements to limit spending, even though state audits have not found evidence of criminal fraud within autism therapy. The changes so far have prompted some clinics to stop accepting Medicaid patients

and led to provider shortages in rural areas. Fredrickson said he's instead pushed for more "good-faith" audits "to help providers and clinicians ensure that they're delivering care in the best possible way."

Nebraska's Medicaid program did not respond to a request for comment.

"Providers are very open to quelling the concerns that have been expressed by the administration," he said. "I haven't run into a defensiveness from providers in our state. It's really more of a, 'How do we make sure that we're doing this right? Help us understand that.'"