



The risk of an enforcement action against a company in Democratic-led states “is probably more acute than it would be in other places,” given the White House fact sheet’s focus on action taken in those states, Burba noted. The credibility and effectiveness of the new enforcement division may depend on whether “its focus is on finding the fraud wherever it is, regardless of the political affiliation of the state where it’s happening.”

### **CMS Freezes Provider Enrollment, May Cut FMAP**

CMS is simultaneously moving to halt FMAP—the federal government’s share of most Medicaid spending—to Minnesota Medicaid. The grounds are CMS’s determination that the state “is substantially out of compliance with federal requirements” because “the Minnesota Medicaid agency fails to adequately identify, prevent, and address fraud, waste, and abuse (FWA) in its Medicaid program,” according to a notice in the Jan. 8 *Federal Register*.<sup>3</sup> The notice is presented as an opportunity for the state to request an administrative hearing on CMS’s findings.

“States are required to ensure their state [Medicaid] plan provides a mechanism to receive reports from beneficiaries and others and compile data concerning alleged instances of waste, fraud, and abuse relating to the operation of the Medicaid Act,” CMS Administrator Mehmet Oz, M.D., wrote in a letter to Minnesota Governor Tim Walz embedded in the *Federal Register* notice. “In addition, pursuant to 42 CFR 455, Subpart A, States are required to implement methods for identifying, investigating, and referring suspected Medicaid fraud. This information and related data sources must be used to pursue robust preliminary and full investigations, as appropriate, as well as refer cases to law enforcement, if applicable.”

The CMS letter contends the state’s Dec. 31, 2025, corrective action plan “is deficient. The plan relies heavily on temporary or future-contingent measures, lacks enforceable timelines and performance metrics, acknowledges current noncompliance with key federal requirements, and provides limited assurance of accountability for past misconduct.”

Waltz recalls a similar situation from about 40 years ago when CMS threatened to cut off Guam’s federal financial participation money. That dispute, which was about abortion, ended in a last-minute settlement without a loss of funding. “It has at least been threatened before, but I don’t remember ever seeing anything where CMS has actually done it,” she said.

### **Authority to Freeze Enrollment Comes From ACA**

CMS’s authority to impose a freeze, or moratorium, on Medicaid provider enrollment because of a high risk of fraud, waste and abuse comes from the Affordable Care Act (ACA), which also created Obamacare, Waltz said.<sup>4</sup> According to the Minnesota letter, the 13 categories that fall under the freeze are adult companion services, adult day services, adult rehabilitative mental health services, assertive community treatment, community first services and supports, early intensive developmental and behavioral intervention, individualized home supports, integrated community supports, intensive residential treatment services, night supervision services, nonemergency medical transportation services, peer recovery support services and recuperative care. CMS also told the state to revalidate the enrollment of existing providers in the 13 categories.

“At the end of the day, you wonder how the state Medicaid program can assure care is getting to who needs it,” Waltz said. “CMS’s point is probably that services are getting to people who don’t need them.”

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### **Endnotes**

- 1 The White House, “Fact Sheet: President Donald J. Trump Establishes New Department of Justice Division for National Fraud Enforcement,” January 8, 2026, <https://bit.ly/3YHfHMI>.
- 2 U.S. Department of Justice, Office of Public Affairs, “Head of the Criminal Division, Matthew R. Galeotti Delivers Remarks at SIFMA’s Anti-Money Laundering and Financial Crimes Conference,” speech, Washington, D.C., May 12, 2025, <https://bit.ly/3SIK31P>.
- 3 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. 1,539 (Jan. 14, 2026), <https://bit.ly/4qvslhU>.
- 4 Medicare, Medicaid, and Children’s Health Insurance Programs; Additional Screening Requirements, Application Fees, Temporary Enrollment Moratoria, Payment Suspensions and Compliance Plans for Providers and Suppliers, 76 Fed. Reg. 5,862 (Feb. 2, 2011), <https://bit.ly/45Ooh3N>.