



January 5, 2026
<Sent via e-mail>

The Honorable James Comer
Chairman, House Committee on Oversight and Accountability
U.S. House of Representatives
Washington, DC 20515
<Sent via e-mail>

CC:
The Honorable Senator Rand Paul, Chairman, Senate Committee on Homeland Security and Governmental Affairs
Mr. Samuel Adolphsen, White House Domestic Policy Council

RE: Minnesota Medicaid Fraud as a Case Study in Federal Policy Failure: How CMS Guidance, Self-Attestation Mandates, and Suppressed Verification Standards Created Systemic Vulnerabilities Nationwide

Dear Chairman Comer:

On behalf of the United Council on Welfare Fraud (UCOWF), representing frontline investigators, eligibility integrity specialists, auditors, and prosecutors working across Medicaid and public-assistance programs nationwide, we write to commend the Committee for its attention to the systemic fraud and eligibility-control breakdowns exposed in Minnesota — and to urge Congress to address the **federal legislative and policy failures** that helped enable them.

UCOWF is well-versed in these issues and provides training and professional certification to our state affiliate, the Minnesota Fraud Investigator’s Association. **The fraud uncovered in Minnesota is not an isolated administrative lapse.** It is symptomatic of a broader pattern of defective state practices driven by a federal policy posture - reinforced by the Centers for Medicare & Medicaid Services (CMS) - that prioritizes rapid enrollment expansion and reduced eligibility verification, oversight, accountability, fiscal stewardship, and program-integrity safeguards of taxpayer resources.

CMS GUIDANCE TO STATES

Over the past year, UCOWF has submitted **three formal letters to CMS** warning that the December 5, 2024, CMS guidance memorandum discourages fraud investigation, suppresses overpayment recoveries, intentionally hides and minimizes fraud, handcuffs investigators, and signals to states that **program-integrity enforcement should be de-emphasized.** (See footnote for prior letters and memo.¹)

¹ UCOWF Letter to CMS – Response to December 5, 2024 Memo: <https://www.ucowf.net/assets/pdf/UCOWF+letter+to+CMS+re+5Dec2024+Memo/>
UCOWF 2nd Letter to CMS – Request for Rescission of SMD #24-005: <https://www.ucowf.net/assets/pdf/UCOWF+letter+to+CMS+re+Recission+of+5Dec2024+Memo/>
UCOWF 3rd Letter to CMS – Urgent Demand for Clarification and Guidance on Fraud, Waste & Abuse: https://www.ucowf.net/assets/pdf/UCOWF+letter+regarding+CMS+Guidance+on+FWA_23Oct2025/
CMS December 5, 2024 SMD #24-005 (rescinded May 1, 2025 but still in effect): <https://www.medicaid.gov/federal-policy-guidance/downloads/smd24005.pdf>

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Despite repeated outreach, CMS has:

- failed to respond to these concerns,
- declined to reconcile policy conflicts affecting state enforcement authority,
- maintained federal bureaucratic stonewalling of this Administration’s priorities, and
- refused to release – through FOIA – the recordings and materials from stakeholder meetings in which this policy direction was developed, communicated, and maintained.

For an agency responsible for more than a **trillion dollars** in annual federal taxpayer spending, this lack of transparency and interference by CMS staff is unacceptable.

The Minnesota fraud cases demonstrate the consequences of this policy environment. Fraud networks exploited non-existent identity and vetting requirements, weak eligibility controls, mandated reliance on self-attestation (the “honor system”) in beneficiary and provider applications, minimal verification thresholds, and administrative cultures where investigative referral and overpayment recovery are **actually discouraged** or procedurally constrained. CMS’s guidance — and the broader policy posture surrounding it — has communicated to states that verification rigor and fraud enforcement are **secondary priorities**. This can only be referred to as “*Fraud by Design.*”

A closer look at how Minnesota (and other states such as California) implements these policies should be a central focus of the January 7, 2026 hearing.

UNWINDING

Compounding these failures, **the Medicaid Unwinding process — which Congress expected would restore eligibility integrity following the continuous-coverage period — has clearly not been executed as intended.** Had States conducted the mandatory redeterminations of all Medicaid beneficiaries receiving assistance, much of the Minnesota fraud would have been revealed years ago. In many states, meaningful redeterminations did not occur; self-attested eligibility information was simply rolled forward, and individuals who no longer met program criteria remained enrolled without verification. UCOWF members report widespread indicators that unwinding activity was administrative in appearance only, while large volumes of ineligible and potentially fraudulent enrollment persisted.

We respectfully request that the Committee call for an immediate **HHS Office of Inspector General investigation** into whether states conducted legitimate redeterminations, whether CMS guidance discouraged proper verification and case review, and whether reported unwinding outcomes reflected substantive eligibility actions procedural renewals.

That approach is untenable – and dangerous as we have been reporting for decades of the theft of public assistance benefits by transnational criminal groups, including funding terrorist and nation states.² Minnesota has also demonstrated that this issue is cross-program and includes both businesses (providers) and beneficiaries (individual applicants/recipients).

Another “Unwinding” by all states - and to include providers - is warranted.

FEDERAL LEGISLATION

The Affordable Care Act (also known as Obamacare) includes the framework for state’s mandated use of applicant self-attestation. Layered with CMS-approved waivers and State Plan options that suppress documentation requirements and restrict eligibility review discretion has

² Government Accountability Institute, “EBT Terrorism,” published October 23, 2018: https://g-a-i.org/wp-content/uploads/2018/10/2018_GAI_SNAP_FRAUD_TERROR.pdf



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produced systemic vulnerabilities that sophisticated actors now exploit at scale. UCOWF members report nationwide patterns, including:

- applications processed with deficient/antiquated identity authentications as demonstrated by a recent GAO audit finding;
- eligibility determinations based primarily on self-attested income, citizenship, residency, and household composition;
- eligibility systems engineered in a “pay and chase” framework – approve first, verify later or not at all; and,
- federal guidance to states directly discouraging fraud prevention, detection, prosecution, and recovery of taxpayer funds.

Congress should also re-evaluate the “1634 State Option,” which delegates Medicaid eligibility determinations to the Social Security Administration. **This state option is used by 34 states in a manner that circumvents meaningful eligibility redeterminations – including bypassing the six-month renewals mandated by the One Big Beautiful Bill Act/ Working Families Tax Cut.**³ Similarly, Broad-Based Categorical Eligibility (BBCE) facilitates cross-program expansion and increases fraud exposure.⁴ Minnesota is not an aberration – it is a case study in federal legislative vulnerability and CMS policy failures.

LEGISLATIVE AND OVERSIGHT REQUESTS

First, Congress must address and **reform the ACA self-attestation mandate** and restore a rational eligibility framework grounded in independent verification, risk-based front-end/ pre-certification checks, and post-eligibility review and recovery authority.⁵ States must be permitted — and required — to verify identity, income, residency, and asset eligibility pre-issuance, especially whenever information is incomplete, inconsistent, or suspicious. **Fraud prevention cannot rely on voluntary disclosure by applicant self-attestation** - the “honor system” is not a form of oversight/stewardship. The reformative bill language should mandate program disqualification, state retention of recovered monies, and clear implications when ineligible non-citizens abuse taxpayer funded programs.

Second, Congress should mandate an **independent, comprehensive evaluation of each state’s Medicaid eligibility and program-integrity framework**, including:

- how verifications are conducted in each eligibility factor with documented observance in each state’s system of record,
- the extent and conditions of self-attestation reliance,
- whether referrals to investigators and prosecutors are occurring, and
- the operational effects of the December 5, 2024, CMS memo on state integrity programs.

This review must *not* be conducted by CMS or State Medicaid Agencies. Independent evaluation, using data verifications, with investigator, auditor, and collection specialist input – is essential. The review should demonstrate how much dual participation exists (3+ million individuals receiving duplicate Medicaid in 2025)⁶, how many deceased, incarcerated, fake

³ Social Security Administration Program Operations Manual:
<https://secure.ssa.gov/apps10/poms.nsf/lnx/0501715010>

⁴ Foundation for Government Accountability, “Broad-Based Categorical Eligibility (BBCE) Loophole”:
<https://thefga.org/solution/promoting-work-over-welfare/bbce/>

⁵ See [42 CFR 435.945\(a\)](https://www.ecfr.gov/current/title-42/chapter-I/subchapter-A/part-435/subpart-435.945) and [457.380\(a\)](https://www.ecfr.gov/current/title-42/chapter-I/subchapter-A/part-435/subpart-435.380)

⁶ PARIS Interstate Match 2025:
<https://acf.gov/paris/interstate-match-2025>





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identities are enrolled. How many potentially ineligible recipients have income or assets over limits? These impacts directly correlate to the fraud, waste, and abuse of taxpayer resources occurring at scale across the nation.

Third, Congress should direct CMS to issue clear corrective guidance replacing the December 5, 2024, memo and affirm – unequivocally – that:

- states retain full authority and expectation to investigate fraud, waste, and abuse;
- recovery of improper payments, including state and federal capitation rates from fraudsters, is expected and necessary to maintain a state participant in the program;
- failure to investigate, recover, and prevent fraud, waste, and abuse will be enforced by reductions or withholding of federal funds; and
- that regulations implementing the temporary and/or permanent program disqualifications for fraudsters shall be created in alignment with other programs;

Fourth, Congress should legislatively require all enrollment information from all federal programs administered by states be provided annually to the corresponding federal agencies. As you are aware, at least 20 states have sued to prevent the released of Medicaid recipient data to the federal government, and 21 states have sued to prevent the release of SNAP data.⁷ **State administration of federal programs must be predicated on accountability and oversight with efficient and effective stewardship of taxpayer funds.**

Finally, we request the Committee’s assistance in compelling CMS to address – without delay – the internal policies (rescinded by the Trump Administration) still in practice that actively discourages fraud prevention, detection, and overpayment recoveries as stipulated in the CMS memo. The Committee should request the recordings, transcripts, and internal materials related to the development and communication of the December 5, 2024 memo.

Minnesota demonstrates what happens when federal policy structures suppress verification, deter enforcement, and elevate enrollment expansion above fiscal stewardship. These vulnerabilities now exist nationwide. Congress must act to restore public trust, integrity, and accountability.

UCOWF stands ready to support your Committee’s work and can provide Subject Matter Expertise in testimony and/or operational insight from across the country. We appreciate your leadership and strongly urge sustained oversight and legislative reform.

Sincerely,

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⁷ NPR, “States sue Trump Administration for Sharing Health Data with DHS,” July 1, 2025: <https://www.npr.org/2025/07/01/nx-s1-5453885/medicaid-data-immigration-dhs-lawsuit>
NPR, “At least 27 States Turned Over Sensitive Data About Food Stamp Recipients to USDA,” October 16, 2025: <https://www.npr.org/2025/10/16/nx-s1-5533045/snap-privacy-usda-lawsuit>