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How to Protect Your NEMT Business from Criminal & Civil Fraud Investigations



NEMT Medicaid Fraud Investigations – Who and Where?

What would happen if investigators knocked on your office door tomorrow? Or your home? Would you know what triggered it? Would your records hold up? Would your business survive? For NEMT (Non-Emergency Medical Transportation) providers, these are no longer hypothetical questions. On June 30, 2025, New York Attorney General Letitia James announced criminal charges, settlements, and new lawsuits against 25 NEMT providers.¹ Her message was clear: Medicaid fraud will not be tolerated, and transportation providers are firmly in the crosshairs. This was not a “one-off” enforcement blitz. It is the latest in a growing national crackdown, backed by billions in Medicaid spending and a mandate to recover every dollar of waste, abuse, or fraud. If you bill Medicaid, you are a target — even if you have never intentionally done anything wrong.

Recently, attorneys general around the U.S. are making similar efforts to crack down on Medicaid fraud – related to NEMT or not. In April, Massachusetts Attorney General Andrea Joy Campbell announced indictments against an NEMT company and its owner “for allegedly submitting millions of dollars in false claims to MassHealth and its subcontractors for services that were never provided, laundering those fraudulently obtained funds, and abusing and neglecting

¹ <https://www.regulatoryoversight.com/2025/07/new-york-ag-intensifies-investigation-and-enforcement-against-alleged-medicaid-fraud/>

patients who were MassHealth members.” Her office noted that “This matter is representative of the AGO’s commitment to combatting MassHealth fraud, including fraud committed by medical transportation companies,” going on to cite past settlements with other NEMT companies for alleged Medicaid fraud.² In May, Florida Attorney General James Uthmeier announced charges against individuals in a Medicaid fraud scheme for inflating mileage driven, inflating reimbursement amounts.³

Attorneys general in Louisiana⁴, Arizona⁵, and Ohio⁶ have also made recent announcements in the first half of this year highlighting arrests, charges, and indictments made against individuals and companies for Medicaid fraud. Additionally, in March, Minnesota lawmakers introduced legislation to increase penalties and strengthen the Attorney General’s Medicaid fraud unit with more investigators and additional authority to subpoena financial records.⁷

In June, The Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services announced two multi-billion-dollar Medicaid fraud cases.⁸ One resulted in 324 defendants being charged in connection with over \$14.6 billion in alleged fraud.⁹ The OIG noted the “significant return on investment that results from health care fraud enforcement efforts,” claiming the “government seized over \$245 million in cash, luxury vehicles, cryptocurrency, and other assets.” The OIG also announced a smaller NEMT-related settlement this summer, resolving a case in which an ambulance company allegedly billed for ambulance transportation services that were not medically necessary or not actually provided.¹⁰ The current administration has made it a point to target Medicaid fraud in all forms, and states are increasingly aligning their enforcement efforts.

Why Are These Investigations Spiking Now?

² <https://www.mass.gov/news/worcester-based-medical-transportation-company-and-its-owner-indicted-for-masshealth-fraud-patient-abuse-and-neglect-and-money-laundering>

³ <https://www.myfloridalegal.com/newsrelease/attorney-general-james-uthmeier-announces-arrests-345k-medicaid-transportation-fraud>

⁴ https://www.thecentersquare.com/louisiana/article_b2787c58-95a1-460c-979a-c99f031d9e08.html

⁵ <https://www.kjzz.org/politics/2025-05-02/mayes-announces-updates-in-medicaid-fraud-investigations-calls-for-agency-stability>

⁶ <https://www.ohioattorneygeneral.gov/Media/News-Releases/June-2025/13-Medicaid-Providers-Facing-Fraud-Charges>

⁷ <https://minnesotareformer.com/briefs/lawmakers-introduce-bill-to-bolster-minnesota-attorney-generals-medicaid-fraud-unit/>

⁸ <https://www.justice.gov/usao-edny/pr/11-defendants-indicted-multi-billion-health-care-fraud-scheme-largest-case-loss-amount>

⁹ <https://www.justice.gov/opa/pr/national-health-care-fraud-takedown-results-324-defendants-charged-connection-over-146>

¹⁰ <https://oig.hhs.gov/fraud/enforcement/ambulance-company-and-its-owners-agree-to-pay-900000-to-settle-false-claims-act-allegations-of-medically-unnecessary-ambulance-services/>



Medicaid is expensive, and getting more expensive every year. Medicaid now covers 83 million low-income children and adults in the United States¹¹, and annual spending has surged to nearly \$900 billion.¹² States are scrambling to close budget gaps, with Medicaid as one of, if not the, largest expenses on their books.

As of fiscal year 2024, Medicaid made up nearly 30% of total state spending and over 56% of federal fund expenditures at the state level—the largest share in two decades.¹³ With the expiration of pandemic-era funding and the enhanced federal match (FMAP), states are now shouldering a bigger share of Medicaid costs at a time when tax revenues are flattening and inflation is driving up healthcare delivery costs.¹⁴ This combination is forcing governors, legislatures, and Medicaid directors to look for savings. Fraud, waste, and abuse are where they look first, particularly in billing-heavy, decentralized sectors like NEMT.

This urgency is being reinforced at the federal level. The latest federal budget reconciliation legislation, the One Big Beautiful Bill, would reduce federal Medicaid spending over a decade by an estimated \$911 billion.¹⁵ The five biggest sources of Medicaid savings in the reconciliation package are:

- Mandating that adults who are eligible for Medicaid through the Affordable Care Act (ACA) expansion meet work and reporting requirements;

¹¹ <https://www.kff.org/interactive/medicaid-state-fact-sheets/>

¹² <https://www.statista.com/statistics/245348/total-medicare-expenditure-since-1966/>

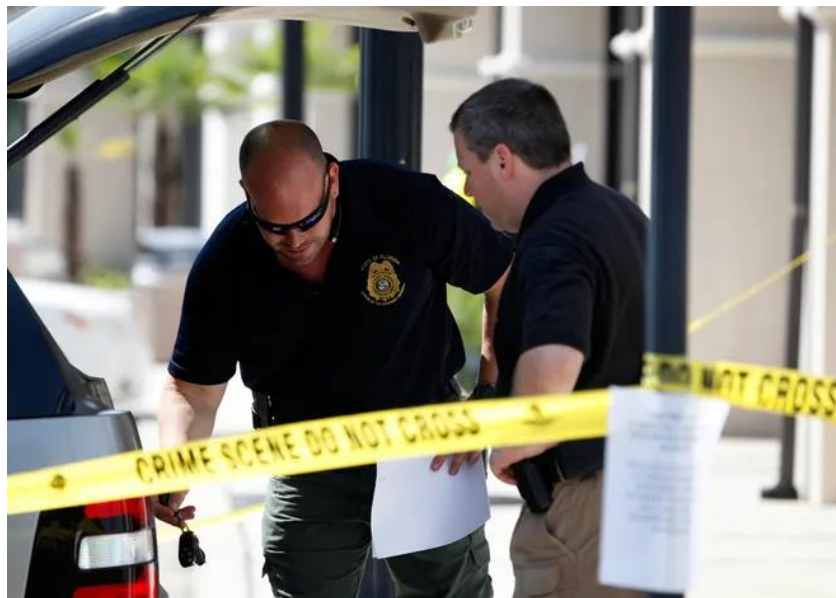
¹³ <https://medicaiddirectors.org/resource/top-five-medicare-budget-pressures-for-fiscal-year-2025/>

¹⁴ <https://www.pew.org/en/research-and-analysis/articles/2025/06/16/the-share-of-state-budgets-spent-on-medicare-posts-largest-annual-increase-in-20-years>

¹⁵ <https://www.kff.org/medicaid/issue-brief/allocating-cbo-estimates-of-federal-medicare-spending-reductions-across-the-states-enacted-reconciliation-package/>

- Establishing a moratorium on new or increased provider taxes and reducing existing provider taxes in expansion states;
- Revising the payment limit for state-directed payments;
- Prohibiting the implementation, administration, or enforcement of specific provisions in the Biden Administration’s rule simplifying Medicaid eligibility and renewal processes; and
- Increasing the frequency of eligibility redeterminations for the ACA expansion group.

State Medicaid Fraud Control Units (MFCUs), already funded to investigate and prosecute Medicaid fraud, may have even bigger expectations to deliver. As part of the state attorney general offices, MFCU fraud recovery is about compliance, as well as plugging budget holes – while preventing service or eligibility cuts and restrictions.



At the same time, the underlying cost structure of Medicaid is worsening. Even though enrollment is expected to decline by 4.4% in FY 2025¹⁶, many of the remaining enrollees have higher medical complexity and cost per capita, often requiring long-term services, behavioral health care, or high-cost prescriptions.¹⁷ Rising provider wages, inflation in service delivery, and increasing rates for managed care contracts are also significant cost drivers. Medicaid directors are reporting five top budget pressures in 2025: long-term care, prescription drugs, behavioral health demand, workforce shortages, and IT systems.¹⁸ Many of these are difficult to control or cut, but fraud enforcement is actionable.

¹⁶ <https://www.kff.org/medicaid/issue-brief/medicaid-enrollment-spending-growth-fy-2024-2025/>

¹⁷ <https://medicaiddirectors.org/resource/top-five-medicaid-budget-presures-for-fiscal-year-2025/>

¹⁸ <https://medicaiddirectors.org>

States are also responding with better tools. More sophisticated data matching, algorithmic billing reviews, and cross-agency collaborations help investigators identify suspicious patterns.¹⁹ That is why cease-and-desist letters, like those issued to dozens of New York transport providers in early 2025²⁰, are now being backed up by lawsuits, criminal referrals, and multimillion-dollar settlements. Medicaid enforcement is strategic, tech-driven, and directly tied to fiscal stability. This means NEMT providers are judged on their documentation, systems, and ability to withstand an audit. The financial pressures on Medicaid are accelerating, as is the political will to pursue every misspent dollar.

What Happens If You Don't Act Now



Let's say your company lacks airtight trip logs, driver files, billing records, or HIPAA compliance. Here is how fast things can unravel:

- Investigators show up unannounced and request documents;
- Your trip records do not match billing claims, or your drivers are not properly licensed;
- HIPAA violations are discovered due to unsecured communications or lax data handling;
- You or your staff make off-hand comments during a surprise interview, which can then be used in administrative proceedings; and/or
- You are shut out of Medicaid billing, suspended from contracts, or worse — charged criminally and/or shut down.

¹⁹ <https://www.kff.org/medicaid/issue-brief/5-key-facts-about-medicaid-program-integrity-fraud-waste-abuse-and-improper-payments/>

²⁰ <https://www.regulatoryoversight.com/2025/07/new-york-ag-intensifies-investigation-and-enforcement-against-alleged-medicaid-fraud/>

New York’s Attorney General is now looking to hold company owners personally liable. Some have already pleaded guilty to grand larceny and health care fraud. Others face jail time, asset seizures, and career-ending consequences.²¹ It does not take “intent” to land in hot water. Poor documentation, sloppy billing, or untrained staff can appear to be fraud, and that is all it takes to be investigated. Plus, tax agencies and other government entities may use the Medicaid fraud case results as part of an investigation.

Fraud investigators do not just look at money; they look at records in support of claims and payments. If a business’s systems expose Protected Health Information (PHI) without safeguards, it has now added HIPAA violations to its list of problems. Every ride logged, every patient transported, every invoice submitted contains private medical data. If data is not encrypted, securely stored, and access-controlled, the business is in breach. HIPAA breaches are low-hanging fruit during investigations, signaling poor internal controls and inviting further scrutiny.

Be Proactive & Prepare: Initiate Due Diligence Fraud Prevention Review

Compliance for Medicaid transportation providers is not just about avoiding penalties – it is about building systems that keep your operations accurate, secure, and accountable. The most effective way to stay ahead of regulators is to take a proactive approach: know your state’s rules, maintain airtight records, train your team, protect patient data, and have clear procedures in place. For these steps, you should seek advice of counsel, accountants, and other professionals regarding best practices and compliance. The table below highlights the critical areas you should regularly review to stay compliant, reduce risk, and protect your business.

²¹ <https://www.regulatoryoversight.com/2025/07/new-york-ag-intensifies-investigation-and-enforcement-against-alleged-medicaid-fraud/>

1. Begin conducting internal audits	
Internal audits should include:	Trip logs: GPS-verified pickup/drop-off, names, timestamps, vehicle ID, service level
	Billing: Mileage should match odometer data. Tolls must be supported by receipts or digital records
	Driver files: Licenses, certifications (CPR, ADA, HIPAA, wheelchair securement), background checks.
	Vehicle records: Maintenance logs, insurance, inspection reports
	Complaint logs: Show how every issue was resolved — in writing
2. Ensure strong SOPs	
Have written standard operating procedures for:	Scheduling and dispatch
	Billing and reimbursements
	Patient data handling
	Driver training
	Complaint management
	Vehicle upkeep
3. Train your team	
Your team, from dispatch to drivers, must know how to:	Handle PHI securely
	Accurately log mileage and services
	Follow ADA protocols for accessible rides
	Respond to audits or inspection requests
4. Harden data security	
To safeguard patient data, you must:	Encrypt all digital communications containing PHI
	Use secure, HIPAA-compliant platforms
	Limit data access to essential personnel only
	Perform regular tech audits
5. Avoid kickbacks	
Often illegal & a red flag to investigators	Incentives to patients
	Referral schemes
	“Gifts” to encourage ride usage
6. Self-Report	
Self-report all:	Billing errors
	Double charges
	Any other discrepancies

Who Should Help You Prepare and Respond to Investigations and Charges

Responding to a Medicaid fraud investigation, or preparing for one, is not a do-it-yourself endeavor. These matters involve complex regulatory frameworks, overlapping state and federal laws, and serious consequences. It is critical for NEMT providers to retain experienced professionals who understand the legal landscape and the intricacies of the Medicaid program.

Legal counsel with deep knowledge of healthcare fraud, regulatory compliance, and government investigations can make the difference between resolving an issue early or facing long-term fallout. Experienced attorneys can assess your exposure, develop internal controls, manage responses to subpoenas or audits, and represent you in administrative or criminal proceedings. More importantly, they can help you avoid missteps, like inconsistent records, unvetted public statements, or missed reporting obligations, that may escalate a situation unnecessarily.

At our firm, our team includes former Inspectors General, former judges, former commissioners, criminal defense counsel, regulatory compliance attorneys, and industry experts. We bring technical expertise and longstanding relationships with the agencies involved. We understand how regulators think, how they prioritize cases, and how to position your business to be taken seriously and treated fairly.

Whether you are developing a compliance plan, responding to a document request, or facing formal charges, working with qualified professionals who specialize in this field is essential. Your business, your reputation, and in some cases your personal freedom may be on the line. This is not just about legal protection – it is about putting your company in the best possible position to survive and move forward.

The Industry Is Evolving - Are You Keeping Up?

NEMT is not a lightly-regulated corner of the healthcare system. As Medicaid costs rise and enforcement tightens, the industry is shifting toward a stricter, more transparent model where compliance is the foundation of your business. Oversight will increase. Standards will get tougher. Providers, brokers, and tech vendors alike will be expected to demonstrate accountability at every level. Vehicle inspections, driver training, and monitoring will be mandatory and subject to audit. Technology systems, from scheduling platforms to billing engines, will face routine scrutiny to ensure they are not enabling errors or abuse. Complaints will be investigated and used to measure performance. That performance data will be used to drive decisions about contracts, partnerships, and enforcement.

The message from regulators and payers is clear: if you cannot prove you are doing it right, you are a liability. Compliance must be proactive, embedded in your systems, your training, and your culture. In the next phase of this industry, survival will depend on more than just moving people. It will depend on whether you can prove you did it right. Start now!