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Lawmakers' health care fraud clash

By **KELLY HOOPER** and **SOPHIE GARDNER** | 03/18/2026 10:16 AM EDT

Presented by



With help from Simon J. Levien

DRIVING THE DAY

BUTTING HEADS — On Tuesday, Republicans and Democrats on a key House committee sparred over GOP efforts to investigate Medicaid fraud, POLITICO's Robert King reports.

Republicans on the House Energy and Commerce Oversight and Investigations Subcommittee said fraud probes launched by the panel and the Trump administration are not politically motivated.

“It’s frustrating [that] this can’t be bipartisan. Florida is now under investigation. I just saw Gov. **[Ron] Desantis**. He is not a Democrat, I can promise you that,” said Energy and Commerce Chair **Brett Guthrie** (R-Ky.).

But Democrats argued the Republicans’ moves to combat Medicaid fraud have largely targeted blue states and are a smoke screen to distract from the more than \$1 trillion in Medicaid cuts contained in the One Big, Beautiful Bill Act, which President **Donald Trump** signed into law in July.

“It is time for Republicans to drop the pretense that this is all about fraud. It is not,” said New Jersey Rep. **Frank Pallone**, the panel’s top Democrat. “Instead it is about covering up for their terrible health policies that are stripping health care away from millions.”

Why it matters: The clash comes in the leadup to the midterm elections, as both parties seek to win the messaging wars on health care affordability, which is likely to be a top-of-mind issue for voters.

Background: In January, the committee wrote to Minnesota to request more information on Medicaid fraud occurring in the state. On March 5, the committee announced it had sent letters to 10 more states, two of which — Nebraska and Vermont — have Republican governors. The remaining states — California, Colorado, Maine, Massachusetts, New York, Oregon, Pennsylvania and Washington — have Democratic governors.

The Centers for Medicare and Medicaid Services has launched separate inquiries into Medicaid fraud in several blue states in addition to Minnesota, including California, Maine and New York.

Just hours before the hearing began, CMS Administrator **Mehmet Oz** posted on X that the agency is reviewing Florida’s efforts to fight fraud due to the “state’s well-documented history of health care fraud.” The letter to DeSantis and other state leaders asks for information on how Florida reviews Medicaid providers to ensure they are not scamming the state-federal insurance program for low-income people..

In January, CMS moved to cut off \$2 billion in future Medicaid payments to Minnesota for failing to fight fraud. Earlier this month, the agency announced it will withhold \$243 million in payments earmarked for Medicaid providers unless the state can prove they are not fraudulent.

Key context: CMS Deputy Administrator **Kimberly Brandt** said at the hearing the agency is working closely with Minnesota and that a team of program experts has reviewed

its corrective action plan. The \$243 million deferral is linked to financial audits conducted by CMS of Medicaid claims from Minnesota.

The state has had major fraud problems in recent years but has taken several steps to address the issues, including freezing enrollment of new providers of services that are at high risk of fraud.

WELCOME TO WEDNESDAY PULSE. Gearing up for another day of health-related hearings in Congress. Send your tips, scoops and feedback to khooper@politico.com and sgardner@politico.com, and follow along [@kelhoops](https://twitter.com/kelhoops) and [@sophie_gardnerj](https://twitter.com/sophie_gardnerj).

A message from the Coalition to Strengthen America's Healthcare:

Lower Healthcare Costs by Holding Insurers Accountable. Healthcare costs continue to rise, and harmful insurer practices are part of the problem.

Administrative red tape, prior authorization delays, and coverage denials can interfere with timely treatment and increase expenses for families.

Holding insurers accountable and curbing these practices can help lower costs and protect access to care. [Learn more about what reforms could mean for patients and communities.](#)

PROVIDERS

IN THE HOT SEAT — House Energy and Commerce's Health Subcommittee will bring in provider groups' top brass today for its latest hearing in its series on health care affordability, Simon reports.

The hearing, titled "Lowering Health Care Costs for All Americans: An Examination of the U.S. Provider Landscape," will feature **Rick Pollack**, the CEO of the American Hospital Association, and **David Aizuss**, the board chair of the American Medical Association, among others.

The subcommittee is expected to log complaints from doctors and hospitals about insurers and drugmakers — who many providers have said are to blame for Americans' health cost struggles. But the hearing also gives members the opportunity to prod providers in areas where they might be driving costs up.

The subcommittee's examination lands just as House Budget Committee Chair **Jodey Arrington** (R-Texas) has eyed Medicaid cuts as a potential budget saver in the GOP's

reconciliation discussions.

A memo on the hearing from Energy and Commerce Committee's majority staff highlighted higher costs driven by Medicare reimbursements that vary by site of care — signaling Republican interest in site-neutral payment reform that would standardize reimbursement for a given treatment regardless of whether it was provided in a doctor's office or an acute care center. Hospitals and health systems have long fought against site-neutral payments.

The memo also discusses trends of consolidation among providers and the failings of specific providers on price transparency.

IN CONGRESS

WHITE HOUSE WARNING — Bipartisan House appropriators made it clear on Tuesday that they don't want a repeat of the White House's 2026 budget request, where President **Donald Trump** sought a roughly 40 percent cut to the National Institutes of Health.

“We will continue to reject cuts to NIH research, because what you do is life-saving. It is that lifeline to Americans and the world,” Appropriations ranking member **Rosa DeLauro** (D-Conn.) said at a House oversight hearing on Tuesday, where NIH Director Jay Bhattacharya testified.

Why it matters: The warning comes weeks ahead of the White House's expected release of Trump's 2027 budget request. Just over a month ago, both parties rejected Trump's 40 percent budget cut for 2026 and instead approved a \$415 million increase for the NIH, allocating \$48.7 billion for the agency that funds biomedical research worldwide.

At the hearing Tuesday, neither party seemed interested in repeating last year's mass upheaval as **Elon Musk's** DOGE swept through and canceled billions in research grants. Republicans and Democrats encouraged Bhattacharya to spend the billions in funding they've allocated for 2026 on research conducted in the states they represent and on projects aimed at improving Americans' health.

Oklahoma Republican Rep. **Stephanie Bice** asked Bhattacharya about what he's doing to address lags in grant funding.

“I don't see a bottleneck now. We have our funding for the year — you all were very, very generous, actually, with the NIH last year,” Bhattacharya replied. “My job is to make sure every single dollar goes out, and it will go out by the end of the year on excellent science.”

Key context: Bhattacharya, who has garnered a reputation as a steady force within the nation's health agencies, effectively distanced himself from last year's tumult. Asked by Rep. **Steny Hoyer** (D-Md.) about large-scale personnel cuts DOGE carried out, Bhattacharya said the past year was a "learning experience" and that he hoped the "turbulence" was in the past.

A message from the Coalition to Strengthen America's Healthcare:



IN THE STATES

CALIFORNIA SAFETY PUSH — A new coalition in the Golden State, backed by a leading artificial intelligence company, is working to advance AI kids' chatbot safety legislation, POLITICO's California Decoded newsletter reports.

With OpenAI and more than a dozen kids safety advocates, community groups and other organizations on board, the Kids and Parents Safe AI Coalition aims to pass what it hopes is the nation's strongest child safety AI law. The group is urging legislators in Sacramento to enact some of the key tenets of the chatbot and AI safety initiative that OpenAI and kids' safety advocates had previously proposed as a ballot initiative.

"This is one of the strongest efforts of its kind in the United States," said **Tecoy Porter**, president of the civil rights group National Action Network's Sacramento chapter, in a statement.

Background: Earlier this year, OpenAI teamed up with online kids' safety group Common Sense Media on an AI safety ballot initiative, putting \$10 million into a ballot

committee before deciding to focus on a legislative push.

Even so: Not everyone in the kids safety advocacy world is signing on to the new group.

Despite their previous collaboration, Common Sense was not listed among the groups that are part of the coalition. The nonprofit declined to comment.

Key context: Common Sense and OpenAI's ballot alliance elicited backlash from some kids' safety and civil society groups, with some circulating letters of opposition to the effort. What followed was a sit-down with Common Sense's head of AI, **Bruce Reed**, last month where some groups expressed feelings of mistrust and pointed out that a ballot initiative would be difficult to amend, locking in standards they felt could fall short of protecting kids online.

The initiative was dropped not long afterwards.

NAMES IN THE NEWS

The **American Association for Cancer Research** has elected **Robert Vonderheide** as president-elect for 2026-27. Vonderheide is the director of the Abramson Cancer Center of the University of Pennsylvania.

WHAT WE'RE READING

KFF Health News' **Jamie Ducharme** reports on how psychiatric biomarkers could transform how mental health disorders are diagnosed.

Axios' **Adriel Bettelheim and Margaret Talev** report on a new poll finding erosion of public trust in the federal government's vaccine policies.

A message from the Coalition to Strengthen America's Healthcare:
Harmful Insurer Practices Drive Up Costs

Harmful corporate insurer practices are increasing healthcare costs and creating unnecessary barriers to care. Prior authorization delays, coverage denials, and excessive administrative requirements slow treatment and drive-up expenses for patients and families. Reform is needed to ensure medical decisions are guided by doctors, not corporate red tape. [Learn why](#)

curbing these practices is essential to lowering costs and protecting timely access to care.

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