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THE SENATE
STATE OF NEW YORK



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July 18, 2025

The Honorable Kathy Hochul
Governor of the State of New York
State Capitol Building
Albany, NY 12224

Governor Hochul,

With reductions in federal Medicaid funding on the horizon, we urge you and the Legislature to act now to reform a program that's wasting taxpayer dollars and failing our most vulnerable, by eliminating the failed centralized broker model for the Non-Emergency Medical Transportation (NEMT) program and returning control to county governments.

This isn't about politics, it's about doing what's right for taxpayers and the Medicaid recipients who rely on these services. Rather than spending time throwing barbs at Washington, we ask you to focus on the real problem: the unchecked waste, fraud, and abuse that have exploded in New York's Medicaid program, driving costs up an astonishing 62 percent since you took office just four years ago.

One of the most glaring examples of this dysfunction is the NEMT program. Once administered cost effectively by local counties, the Department of Health was authorized to take over administration of the program from counties in 2011. It was then handed off to private brokers, most notably Medical Answering Services (MAS). Since that takeover, the system has devolved into an unaccountable, billion-dollar boondoggle. The data tells the story:

- **When the Medicaid Redesign Team II reviewed the program in 2020, they found that after the state took control of NEMT from the counties, taxi usage exploded by 800 percent, driving total program spending up by 131 percent.**
- **In Chautauqua County, costs for NEMT were just \$209,000 in 2013, the last year of local management. By 2019, under state control, they ballooned to \$2.9 million - a 1,300 percent increase in just six years.**

Even more disturbing is the rampant fraud this model has enabled. In just the past year:

- The owners of [DYD Universe, Inc.](#) pleaded guilty in October 2024 to defrauding Medicaid of **over \$2 million** through fake medical trips and kickback schemes.
- The owner of [ASAP 2 medical transport](#), was charged in July 2024 with stealing **over \$1 million** through falsified mileage and trip data. Authorities charge that the company paid Medicaid recipients to use his transportation company, including some being transported for substance use treatment.

- The owners of Sublime Medical Transportation pleaded guilty in July 2025 to stealing **more than \$700,000** from Medicaid for orchestrated fake rides, kickbacks, and benefit scams.
- The owners of Tristate Express NY, Inc. (Tristate), Meditrans NY, Inc. (Meditrans), and Empire Trans NY, Inc. pleaded guilty on December 4, 2024 in Orange County Court for stealing **over \$3.8 million** from Medicaid.
- A June 2025 settlement with 25 companies recovered **\$13 million** in stolen funds from the Medicaid program.
- The Attorney General sent 'cease and desist' letters to 54 companies involved in Medicaid transportation in January 2025 warning of ongoing Medicaid fraud.

These cases are just what investigators have managed to uncover. For every case that's prosecuted, many more slip through the cracks. These investigations are time-consuming and expensive, yet the system continues to invite fraud by design.

You'll never catch all the fraud in a system set up to incubate it.

With a \$750 million Medicaid shortfall expected this quarter and an even larger gap ahead, the urgency for real, targeted reform is clear. We can't expect Washington to keep subsidizing a program that New York refuses to run responsibly. Ending the broker-driven Medicaid transportation model and shifting the management and accompanying funding back to the counties would be a practical, proven way to rein in costs, reduce fraud, and ensure every Medicaid dollar goes as far as possible.

We appreciate your consideration of our recommendation and stand ready to work with you on this effort.

Sincerely,



Senator George M. Borrello
57th Senate District



Senate Minority Leader Robert G. Ort
62nd Senate District



Senator Alexandra Weik
8th Senate District



Senator Thomas F. O'Mara
58th Senate District



Senator Robert G. Rolison
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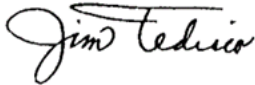
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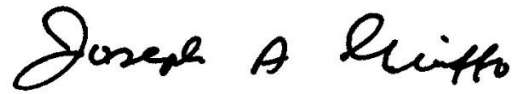
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