

# HLB's Fraud & Abuse Blog

Insights

05.26.26

## MassHealth Clarifies Nursing Facility Staffing Oversight and Signals AG Enforcement Risk

MassHealth's recent [Nursing Facility Bulletin 200](#) signals a more aggressive approach to policing staffing levels driven by data mining—and a clearer path from compliance issues to fraud enforcement. The bulletin formalizes a quarterly framework using CMS Payroll-Based Journal (PBJ) data, requiring facilities to maintain an average of at least 3.58 hours per patient day (HPPD), with tiered rate reductions of up to 3% for those that fall below the threshold. Crucially, HPPD is calculated on a quarterly basis from daily staffing and census inputs, consolidating operational data into a single metric that drives both payment adjustments and enforcement exposure. The bulletin also establishes a structured enforcement process, including overpayment notices and a defined dispute window, and confirms that MassHealth may pursue sanctions and refer providers to the Attorney General where it identifies low staffing levels or misleading PBJ reporting—reflecting an ongoing trend of using PBJ data as a trigger for fraud investigations.

## DOJ Launches West Coast Strike Force to Combat Tech-Driven Health Care Fraud

The Department of Justice's National Fraud Enforcement Division announced on April 30, 2026, the creation of a [West Coast Health Care Fraud Strike Force](#), a multi-district initiative combining prosecutors from the Fraud Division's Health Care Fraud Section with U.S. Attorneys' Offices in Arizona, Nevada, and the Northern District of California to target a growing wave of health care fraud in the region. The Strike Force will leverage coordinated, data-driven enforcement alongside partners such as the FBI, HHS-OIG, and DEA to investigate and prosecute sophisticated schemes—particularly those involving technology-enabled fraud, billing abuses, and federal health care programs like Medicare and Medicaid.

## CMS Targets State Payment Loopholes to Strengthen Medicaid Integrity

The Centers for Medicare & Medicaid Services (CMS) announced a [proposed rule](#) on May 20, 2026 aimed at curbing misuse of Medicaid funding by states and redirecting resources toward quality patient care. The rule would cap certain state-directed and targeted payment arrangements that have driven Medicaid reimbursement rates above Medicare levels and allowed states to draw disproportionate federal funds through mechanisms like provider taxes and intergovernmental transfers. CMS estimates the changes could save more than \$775 billion over 10 years and are intended to improve fiscal accountability, align payments with Medicare standards, and ensure funds are used to benefit beneficiaries rather than financing schemes that inflate costs without improving outcomes. The public is encouraged to provide comments on the proposed rule, including feedback on implementation, by July 21, 2026. More information can be found [here](#).

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