

NEMT PROGRAM INTEGRITY · JUNE 2026

The Architecture of Accountability

Why NEMT program integrity requires a closed-loop model

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Executive Summary

Non-emergency medical transportation (NEMT) is one of Medicaid’s most structurally vulnerable benefits — not because fraud is inevitable, but because the operating model was never designed to produce verifiable spend. When authorization, scheduling, dispatch, execution, and billing are distributed across disconnected systems, no amount of retrospective auditing can close the accountability gap.

The enforcement record confirms the pattern. From fiscal years 2015 through 2020, state Medicaid Fraud Control Units (MFCUs) secured nearly 200 criminal convictions, civil settlements, and judgments against NEMT providers across 25 states.^[1] In New York alone, an OIG follow-up audit found that the state had claimed \$196 million^[2] — over 72 percent of the audited amount — in federal Medicaid reimbursement for NEMT payments that did not meet or may not have met program requirements. Most recently, a 2025 Texas OIG audit found billing inaccuracies, unresolved member complaints, inadequate financial controls, and prior authorization failures with an NEMT broker, resulting in a \$515,890 repayment finding.^[3] The programs implicated in these findings had brokers. They had oversight requirements. What they lacked was a closed-loop data trail that would have made noncompliant claims structurally impossible to submit.

~200 ^[1]

MFCU ENFORCEMENT ACTIONS
AGAINST NEMT PROVIDERS
ACROSS 25 STATES, FY2015-
2020

\$196M ^[2]

NONCOMPLIANT FEDERAL NEMT
REIMBURSEMENT CLAIMED BY
NEW YORK STATE

\$515,890 ^[3]

REPAYMENT FINDING, 2025
TEXAS STATE OIG NEMT
BROKER AUDIT

The common denominator across these findings is not bad intent; it is architecture. Health plans bear the regulatory and financial exposure for NEMT program failures under Medicaid managed care, yet most plans that delegate program management to legacy brokers have limited independent access to trip-level data and limited real-time verification capability. The plan is the responsible party in an audit; the broker is a contractor. That distinction matters when an OIG finding arrives.

The solution is not more auditing; it is a structural shift to closed-loop infrastructure where authorization, dispatch, GPS-verified service delivery, and billing form a single, unbroken data chain, and the claim is a derivative output of a verified trip event rather than an assertion of one. This paper defines what that infrastructure requires, what it means for health plan governance specifically, and what separates architecturally accountable NEMT programs from those that remain perpetually vulnerable.

The accountability gap — why NEMT is structurally different

1.1 What makes NEMT structurally vulnerable

NEMT presents a combination of characteristics that overwhelms traditional payment integrity tools. Transaction volumes are high and average claim values are low. Execution is geographically dispersed and operationally complex. And the full trip lifecycle — authorization, scheduling, trip assignment, trip execution, and billing — typically spans several distinct stages, each managed by different parties across incompatible systems with no shared data layer.

The structural consequence is predictable: the claim becomes the first consolidated artifact of a trip that may or may not have occurred as described. By the time a discrepancy is identified through claims review or audit, months have already passed, and the payment has been made. This is the defining characteristic of an open-loop system: inputs (authorizations and trip details) and outputs (claims) are tracked at the edges, but the process between them — the actual delivery of service — is a black box.

The claim becomes the first consolidated artifact of a trip that may or may not have occurred as described.

The persistence of this problem across programs, states, and vendors is documented. NEMT has been designated a high-risk service category by CMS and is the subject of ongoing enforcement activity by Medicaid Fraud Control Units operating in all 50 states.^[4] The primary fraud typologies — ghost rides, mileage inflation, level-of-service upcoding, duplicate submissions, provider credential gaps, and standing authorization abuse — are not emerging threats; they are the predictable outputs of a model that has never required verified trip execution, including member-present confirmation at the point of pickup, as a precondition for payment.

1.2 The health plan's exposure

Where NEMT is included within Medicaid managed care, health plans bear primary accountability for contractor performance and payment integrity. CMS requires plans to ensure that NEMT services are rendered as billed, that providers are credentialed, and that fraud, waste, and abuse (FWA) are proactively identified and addressed.^[5] Most legacy broker contracts make this structurally difficult to achieve.

The conventional broker model positions the health plan as a purchaser of a managed service rather than a governor of a data system. The plan receives encounter files, periodic reports, and audit responses. But the underlying program data — trip records, detailed member profiles, provider performance histories, rate structures, and real-time exception flags — typically remain in systems the broker controls. The plan cannot independently audit a trip without requesting data from the party it is supposed to be auditing.

This arrangement creates a gap between what compliance requires and what the operating model enables. The plan is contractually and regulatorily responsible for the integrity of its NEMT program. But the architecture does not give the plan the independent access needed to fulfill that responsibility in real time. The result is a structural accountability mismatch that no amount of contract language or reporting cadence can fully resolve.

1.3 Why auditing alone cannot fix a fragmented, open-loop system

Retrospective auditing is a detection tool, not a prevention tool. By the time patterns surface in claims data, the program has already absorbed the loss. The New York OIG's 2022 audit (a follow-up to a prior audit from 2011 that had identified the same deficiencies) found that New York claimed \$196 million in federal reimbursement for NEMT payments that did not meet or may not have met Medicaid requirements, with only 17 of 100 sampled payments in full compliance.^[2] The program had oversight mechanisms in place. What it lacked was a closed-loop data trail that would have made those claims impossible to submit without verification.

A 2025 Texas HHS OIG audit of a Medicaid NEMT vendor tells a similar story: billing inaccuracies, prior authorization failures, inadequate financial controls, and unresolved member complaints at an NEMT broker operating through a managed care subcontract. The finding: \$515,890 in required repayments.^[3] The issue was not the absence of technology. It was the absence of an architecture that made verified trip execution a prerequisite for billing.

The appropriate response to these findings is not more auditing downstream. It is to move the point of verification upstream, to the moment the trip is dispatched, executed, and completed. That upstream verification is what a closed-loop infrastructure provides.

The architecture of accountability — what closed-loop infrastructure actually means

2.1 Defining the closed-loop model

In a closed-loop NEMT infrastructure, every stage of the trip lifecycle — authorization, scheduling, dispatch, GPS-verified execution, and billing — produces a synchronized, timestamped data record that flows into a single system of record. The claim is not an assertion of service rendered. It is a derivative output of a verified trip event. If the event cannot be verified, the claim cannot be generated.

This is a structural distinction, not a degree of sophistication. An open-loop system can incorporate GPS tracking, digital scheduling, and automated reporting and still fail if those tools operate in separate systems that do not form a single, unbroken verification chain. The defining question is not whether technology is present. It is whether the billing event is structurally dependent on a verified execution event.

The key operational characteristics of a closed-loop model include:

- Real-time eligibility confirmation at scheduling, with re-validation at dispatch
- GPS and timestamp verification at pickup, in transit, and at dropoff
- Automated exception flagging for route deviations, excessive wait times, no-shows, and anomalous patterns
- Claim generation triggered by verified trip completion, not by driver self-report or batch submission
- Plan-accessible data in real time, not mediated through broker reports or quarterly reconciliations

2.2 What this means for health plans specifically

For health plan governance, closed-loop infrastructure changes the accountability relationship in three concrete ways.

Program transparency, not just reporting. In an open-loop model, the plan sees what the systems are capable of surfacing — which, in a fragmented architecture, is itself incomplete. There is no consolidated view to report from. In a closed-loop model, the plan sees the underlying data on-demand — trip status, provider performance, and exception flags in real time. The plan does

not need to request a report to know whether a trip in progress matches its authorized record. That information is available during the trip.

End-to-end auditability. Because the data chain is unbroken from authorization through payment, the plan can audit any trip end-to-end without relying on broker-generated records. Every record in the chain — eligibility, dispatch assignment, GPS log, trip completion, and claim generation — exists in a system the plan can access and query independently. This is what CMS’s managed care integrity requirements functionally demand: not just access to reports, but access to the underlying records.

FWA prevention by design, not by detection. Ghost rides cannot be billed if GPS verification and member-present confirmation are both required to close the trip. A driver cannot self-report a completed pickup if the member has not confirmed boarding. Mileage inflation is constrained by shortest-route enforcement at dispatch. Level-of-service upcoding is prevented by matching vehicle assignment to the authorized service level before the trip begins. These controls do not catch fraud after the fact; they make the most common fraud typologies structurally difficult to execute.

2.3 Open-loop vs. closed-loop: a lifecycle comparison

LIFECYCLE STAGE	OPEN-LOOP MODEL	CLOSED-LOOP MODEL
Authorization	✗ Static eligibility check at scheduling; not revalidated at execution	✓ Real-time eligibility confirmed at dispatch; exceptions flagged before the trip creation
Trip assignment	✗ Broker-managed; plan has no visibility until the service report is delivered	✓ GPS-linked; plan-accessible in real time; provider confirmed on assignment
Trip execution	✗ Driver self-reports; no GPS enforcement standard	✓ GPS timestamps verify pickup, route, and dropoff; anomalies trigger immediate alert
Billing	✗ Claim submitted as assertion of service rendered	✓ Claim is auto-generated derivative of verified trip event; no verified event = no claim
Plan oversight	✗ Retrospective; monthly broker reports; audit-triggered review	✓ On-demand dashboard; continuous exception monitoring; plan owns the data

Figure 1: Open-loop vs. closed-loop NEMT architecture by lifecycle stage

2.4 Flexibility without opacity

Closed-loop does not mean the health plan must operate NEMT directly. It means the infrastructure, regardless of who operates it, maintains end-to-end data continuity that the plan can access and audit. Health plans have three operationally valid models for NEMT program governance:

01

Own

The plan retains full operational control and uses technology to self-operate its NEMT program.

02

Share

The plan co-manages NEMT with a technology and services partner, with defined operational responsibilities and shared access to data.

03

Delegate

The plan delegates day-to-day NEMT operations to a partner, retaining regulatory accountability, strategic oversight, and direct data access.

Closed-loop infrastructure is compatible with all three models. But it must be contractually required, not assumed. Real-time data access and independent audit rights are necessary but insufficient. A plan that delegates NEMT operations without also requiring that claims be system-generated from verified trip events has not achieved a closed-loop architecture, regardless of what technology the operating partner uses. Data visibility without billing integrity leaves the most significant FWA exposure intact.

The question then becomes practical: how does a health plan know whether its current NEMT program meets this standard? The following framework is designed to make that assessment concrete.

What health plans should demand — a framework for evaluating NEMT program integrity

The following framework is designed to help health plan leaders assess their current NEMT program against the structural requirements of a closed-loop model. These are not aspirational standards. They reflect what CMS's managed care integrity requirements and the False Claims Act's shared-liability provisions functionally demand of any plan that bills for NEMT services.

3.1 Five questions every health plan should be able to answer

- 01 Can you verify, on demand, that a trip currently in progress matches the authorized trip record?
- 02 Does your billing process require a verified GPS trip event before a claim can be submitted?
- 03 Do you own your NEMT data? Or does your broker own it and report to you on a schedule of their choosing?
- 04 Can you audit any individual trip end-to-end, from authorization to payment, without requesting data from your broker?
- 05 Does your NEMT contract include enforceable data standards, exception reporting requirements, and FWA response SLAs with defined timelines?

A plan that cannot answer yes to all five questions has an open-loop program, regardless of how sophisticated its broker's technology may appear.

3.2 What closed-loop infrastructure enables at each stage

PRE-TRIP

- Eligibility validated at scheduling and reconfirmed at dispatch
- Level-of-service match verified before vehicle assignment
- Authorization scope enforced programmatically, not manually reviewed

IN-TRIP

- GPS tracking with geofence and shortest-route enforcement
- Anomaly detection (route deviation, excessive wait, no-show, driver substitution) triggers a real-time alert
- Plan-accessible status on every active trip, updated continuously

POST-TRIP

- Automated trip close linked to billing; claim generated only upon verified completion
- Exception queue for manual review of flagged trips before claim submission
- Immutable trip record available for audit at any time

CONTINUOUS INSIGHTS

- Plan-accessible dashboard with provider performance scoring, utilization trends, FWA flags, and grievance rate monitoring
- Updated in real time, not quarterly
- Data owned by the plan, not mediated by the operator

3.3 Contract language that matters

Infrastructure is necessary but not sufficient. Plans must ensure their NEMT contract reflects closed-loop requirements explicitly. Key provisions:

- **Data ownership:** The plan must contractually own all program data, regardless of which party operates the program. Data access should not terminate if the vendor relationship ends.
- **Real-time access:** The plan must have direct, independent platform access, not mediated access through vendor-generated reports. Monthly reporting cadences are insufficient for program integrity management.
- **FWA investigation SLAs:** Contracts should specify defined timelines for flagging, investigating, and remediating suspected fraud, waste, or abuse, not just notification requirements.
- **Audit rights:** Unfettered right to audit any trip record, at any time, without advance notice to the operating partner.
- **System-generated claims:** Billing processes should be contractually required to generate claims from verified, system-recorded trip events, not from self-reported driver logs or batch submissions.

The stakes — program integrity as a health plan imperative

4.1 Regulatory exposure is not theoretical

NEMT is no longer a low-scrutiny line item: CMS has formally designated it a high-risk program integrity category, Medicaid integrity contractors are actively engaged in NEMT audit activity, and the pace of enforcement actions has increased materially in recent years. The GAO's 2022 report on NEMT fraud documented systemic accountability failures across programs spanning different brokers, different states, and different technology vendors. The common denominator was open-loop architecture.^[1]

Plans that cannot produce verifiable, trip-level documentation during an audit face recoupment exposure. The False Claims Act imposes civil penalties of \$14,308 to \$28,619 per false claim, in addition to treble damages on the government's losses.^[6] In programs with thousands of trips per month, the per-claim penalty structure means that a modest error rate in an open-loop billing system carries exposure that escalates rapidly. Plans that knowingly bill for unverified NEMT services share liability with their operating partners. The broker's culpability does not eliminate the plan's.

The fiscal environment amplifies this risk. Medicaid redetermination churn, heightened CMS scrutiny of managed care payment accuracy, and intensified federal program integrity initiatives create a convergent mandate for verifiable spend. Plans that can demonstrate NEMT program integrity, not just assert it, are better positioned in contract negotiations, state procurement decisions, and regulatory reviews.

4.2 Quality measures, and the attribution problem

Member transportation barriers directly affect appointment adherence, medication pickup, and chronic disease management — all of which flow into HEDIS measures and CAHPS reports. A member who misses dialysis because a ride did not arrive is a missed appointment. A member who cannot reach a specialist generates a care gap. These gaps are measurable, and plans are accountable for them in their quality performance records.

Closed-loop infrastructure makes the connection between transportation performance and care outcomes visible, attributable, and actionable. Plans that can verify trip completion can demonstrate, with data, that their NEMT program is delivering access, and can identify specific gaps in service delivery before they become HEDIS deficiencies. Critically, verified trip data

creates the feedback loop that open-loop programs structurally lack: when a member misses an appointment, the plan can determine whether a transportation failure caused it, and intervene. Plans operating with open-loop models cannot make that attribution credibly. They can report what the broker tells them. They cannot independently validate it.

This is not just a compliance argument. NEMT program integrity is a population health management tool. The plans that treat it as such, and build the infrastructure to act on it, will have a measurable quality and cost advantage over those that continue to manage transportation as a black-box administrative expense.

4.3 The fiscal environment

Medicaid program integrity has moved from a background function to an active federal priority. State Medicaid agencies face recoupment pressure from federal oversight, and managed care plans are increasingly required to demonstrate the effectiveness of their FWA programs, not just their existence. In this environment, a plan that can demonstrate real-time GPS verification, automated exception flagging, and system-generated claims is in a materially stronger position than one that presents stale or delayed program reports and post-hoc audit responses.

The economics of closed-loop infrastructure are also straightforward. Prevention is cheaper than recoupment. Administrative automation reduces billing cycle times and error rates. Verified trip data enables genuine cost attribution, allowing plans to identify high-cost providers, service level mismatches, and geographic adequacy gaps before they compound. Program integrity and program efficiency are not competing objectives in a closed-loop model. They are the same objective.

Conclusion — from accountability gap to accountability architecture

The NEMT accountability gap is not a personnel problem or a vendor selection problem. It is an infrastructure problem. For decades, the industry has managed NEMT as a logistics function, moving people from point A to point B and reconciling the paperwork afterward. The accountability standards now expected of Medicaid managed care plans require treating NEMT as a data-integrity function: one where the verified record of service delivery is the foundation on which every other program governance activity rests.

Health plans have both the authority and the obligation to demand closed-loop infrastructure from their NEMT programs — whether they choose to self-operate, co-manage, or delegate. The model matters less than the architecture. A fully delegated program with closed-loop infrastructure gives the plan more genuine program transparency than a self-operated program built on disconnected systems. What matters is whether the data chain is unbroken, whether the plan owns it, and whether the billing event is structurally dependent on a verified execution event.

“Does our NEMT program produce verifiable spend?”

The question for health plan leaders is “Does our NEMT program produce verifiable spend?” If the answer is uncertain, the architecture needs to be examined. If the answer is no, the exposure is already accumulating. A plan that can answer yes to all five questions in Section 3.1 has not merely addressed a compliance gap. It has built a fundamentally different accountability architecture.

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ABOUT KINETIK

Kinetik is a tech-enabled services company that orchestrates the movement of people, data, and care across the healthcare ecosystem. Kinetik partners with health plans to redesign and modernize NEMT programs, empowering them to own, share, or delegate program operations without sacrificing program transparency, control, or accountability. Kinetik is HITRUST r2-certified, SOC 2 Type II-attested, and HIPAA compliant.

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