

# As states change Medicaid oversight, audits raise questions about private equity-backed contractors running the system

*New report examines payment errors and delays tied to private contractors handling Medicaid claims, eligibility, and payment systems across multiple states*

WASHINGTON, DC, UNITED STATES, May 23, 2026 /EINPresswire.com/ -- As states increase Medicaid oversight and eligibility checks, they are relying on private contractors already tied to audits, payment errors, delays, and system failures across multiple states.



A new report from the Private Equity Stakeholder Project (PESP) examines how private equity-backed companies handling Medicaid claims, eligibility systems, payment administration, and prior authorization have taken on an increasingly central role in administering the state Medicaid programs, often with limited public visibility into their performance.

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*Jim Baker, executive director,  
PESP*

The report, "Private Equity Middlemen in Medicaid," comes [as states prepare for expanded Medicaid work](#) requirements and more [frequent eligibility reviews](#) that will place additional pressure on the administrative systems used to determine coverage and process payments.

Detailed in the report are examples across multiple states where audits, investigations, and lawsuits identified problems tied to Medicaid contractors, including:

- A New York audit finding that a private contractor failed to recover \$52.2 million in third-party payments
- An Oregon audit of emergency rental assistance payments identifying a 28% payment error rate, with an estimated \$11 million in improper payments

-An estimated \$39 million in Medicaid overpayments in Michigan tied to system gaps over a two-year period

“These companies play a major role in determining how Medicaid functions behind the scenes, from processing claims to managing eligibility systems and payments,” said Jim Baker, executive director at PESP. “As states add more administrative requirements and oversight responsibilities, there are growing questions about whether the contractors operating these systems are equipped to handle the increased complexity.”

The report examines major Medicaid contractors backed by private equity firms, including companies involved in claims processing, fiscal management, prior authorization, and eligibility systems across dozens of states.

According to PESP’s findings, consolidation and outsourcing have allowed a relatively small number of private companies to take on an outsized role in administering Medicaid infrastructure nationwide. The report also highlights concerns tied to staffing shortages, rapid system rollouts, offshoring, delayed payments, and oversight gaps identified by auditors and state officials.

Among the companies examined in the report:

-Public Partnerships LLC (PPL), backed by DW Healthcare Partners and Linden Capital, which administers fiscal management services in multiple states and faced major rollout problems in New York tied to delayed payments and workforce disruption

-Gainwell Technologies, acquired by Veritas Capital, one of the country’s largest Medicaid technology contractors, which has faced audits and lawsuits tied to payment systems and oversight issues

-Acentra Health, backed by Carlyle, which has expanded its role in Medicaid prior authorization and administrative review systems

PESP argues that policymakers and regulators should pay closer attention to the private contractors operating critical Medicaid systems as states increase administrative oversight and eligibility verification requirements.

The full report is available here: [pestakeholder.org/reports/private-equity-middlemen-in-medicaid](https://pestakeholder.org/reports/private-equity-middlemen-in-medicaid)

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