

Sober living fraud allegations persist on tribal lands

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PHOENIX — Arizona lawmakers and Native American advocates gathered at a state Capitol press conference on May 18 to sound the alarm on what they described as a third wave of sober living fraud — one that has not stopped — it has adapted.

Between 2019 and 2023, thousands of Native Americans across Arizona reported being lured into vans under false pretenses, transported to unlicensed sober living homes, given drugs and alcohol, subjected to fraudulent mental health billing and eventually ejected. The homes billed Arizona Health Care Cost Containment System (AHCCCS) for care through the American Indian Health Program.

“It’s still happening,” said Reva Stewart, Diné, founder of Turtle Island Women Warriors, a Phoenix-based Native American advocacy organization. “They are targeting our people,” Stewart said. She said she witnessed what she believed were fraudulent

recruiters on May 16 working a bus stop near her Phoenix store, approaching unhoused Native people and offering to place them in homes.

State Sen. Carine Werner, R-Scottsdale, who chairs the Senate Health and Human Services Committee, said bad actors from the original scheme have continued operating on tribal lands.

“Fraudsters reorganizing themselves, finding vulnerable or easily compromisable Native Americans and using them as frontmen to staff facilities on tribal lands where DHS licensing is not required and DHS and AHCCCS oversight is weak — allowing criminals that were trafficking, abusing, drugging and often killing our most vulnerable citizens and Native Americans to continue to operate,” Werner said.

Werner said two Native American women whistleblowers came to her office with evidence that she turned over to the Arizona Attorney General’s Office, the Department of Justice and the FBI. The suspected fraudster, she said, is a known entity to AHCCCS and the attorney general’s office with prior enforcement actions on record.

On display at the press conference were photographs of more than 100 missing or deceased Indigenous people and boxes containing over a thousand reports filed with AHCCCS and its Office of Inspector General.

“Make no mistake, the perpetrators of these acts need to be prosecuted to the fullest extent of the law,” Werner said. “It is disgusting and reprehensible what these criminals did to our community.”

A brother lost, a survivor’s story

Raquel Moody, from the White Mountain Apache Reservation, spoke as both a victim and a survivor. In 2022, she and her brother entered what was described to them as sober living treatment. Instead, she said, staff allowed drinking and she was moved from one fraudulent home to another.

On Dec. 9, 2022, she was forced out. Two days later, on Dec. 11, her brother died — though she would not learn the truth for six months, spending that time searching for him from Mesa to Avondale, contacting every Missing and Murdered Indigenous People organization she could find.

“For six months, I searched for somebody who was already gone,” Moody said. “I testify today for him and for all our native families who have been preyed upon.”

Now more than two years sober and working in the behavioral health field, Moody directed a question at the room.

“With the election coming up and politicians pointing fingers — is this all there will ever be, a blame game? Am I supposed to wait another 40 years for help? When will this change? How many more lives have to be lost before someone finally listens?”

Stewart called on officials to do more. “Healing in our communities is not transactional. It’s cultural. It’s spiritual and community-based,” Stewart said. “Our people were treated like numbers and dollar signs instead of relatives deserving dignity, care and recovery.”

“Our suffering is not a campaign slogan or a photo opportunity. This is about human lives,” she said. “Native communities have continued asking for help since the beginning of this crisis and we’re still asking to be heard today.”

Lawmakers respond

Sen. Wendy Rogers, R-LD7, represents a district that covers Rim Country, the White Mountains and tribal lands across northern and eastern Arizona.

“The people being harmed by this crisis are not statistics to me. They are my constituents. They are families. They are elders, vulnerable patients,” Rogers said. “Government cannot turn a blind eye to my people.”

Senate President Warren Petersen, R-Gilbert, directed criticism at Gov. Katie Hobbs and Attorney General Kris Mayes, accusing both of failing to lead on the issue.

“What you are witnessing here is an absolute void of leadership from the governor and from the AG’s office,” Petersen said. “Senator Werner has stepped forward to take the leadership position where they have completely failed us.”

The May 18 event came at the end of a charged week. The sequence began May 11, when Werner met with Mayes’ Medicaid Fraud Control Unit and handed over the whistleblower evidence. Mayes’ office immediately contacted the FBI, which confirmed it already had an open investigation into the individuals named.

On May 13, Werner issued a press release and sent a formal letter to U.S. Attorney Timothy Courchaine requesting federal criminal charges, civil enforcement and asset forfeiture. That same night she put out a statement accusing Mayes of failing to secure aggressive enough prosecutions.

Mayes responded at her own press conference on May 14, calling Werner “a liar, and a dumb one at that,” KJZZ reported, and saying her office had acted promptly. “My team thanked her, took the information, and immediately checked with the FBI,” Mayes said. “They already had an open investigation into the individuals and entities Ms. Werner had received the tip on.”

On May 18, while Werner held her Capitol press conference, Gov. Hobbs held a separate event touting a new artificial intelligence tool called Alivia 360 that AHCCCS is deploying to flag suspicious billing before payments are made. State officials said AHCCCS has suspended 364 providers over fraud allegations and that monthly claims have dropped from a peak of \$350 million in January 2023 to \$100 million as of last July.

Werner argued the crackdown has been an overcorrection. Attorney Heather Dukes, representing behavioral health providers, agreed, saying AHCCCS reimbursement rates for inpatient behavioral health services have not increased since October 2015 — remaining at \$157 per day despite a 2023 state-commissioned study recommending an increase to \$295 per day.

“No other provider group in the history of our state has gone 10 years without a rate increase,” Dukes said. “The message is clear. This state has treated them as throwaways and treated the people who care for them in the same manner.”

The toll on tribal communities

Sen. Hilly Angus, R-LD30, who represents northwest Arizona, said a constituent — a Native American woman running a legitimate nonprofit behavioral health outpatient facility serving only Native Americans — had to close her doors because AHCCCS stopped paying her.

“Whether intentional or not, this led to irrevocable damage to the health and welfare of tribal members,” Angus said.

Werner contrasted Arizona’s crackdown with a similar fraud response in Minnesota, where investigators shut down fraudulent facilities before patients were placed in them. In Arizona, she said, the moratorium came years after vulnerable people — many of them Native Americans — were already living in those homes with nowhere else to go.

“There’s a big difference between the crackdown in Minnesota and Arizona,” Werner said. “In Minnesota, they had empty buildings. In Arizona, they were full of human beings.”

A class action lawsuit filed in Maricopa County Superior Court in December 2024 alleges the state had internal knowledge of the fraud as early as 2019 under then-Gov. Doug Ducey but continued making payments to fraudulent providers. The complaint represents approximately 7,000 Native Americans; 2,000 of those are dead or missing in what advocates believe is connected to the scheme.

Werner said five Health and Human Services Committee hearings over the past year documented systemic failures including significant delays in claims processing and repeated denials of payment to legitimate providers. She introduced legislation including SB 1171, which would require fingerprint clearance cards at behavioral health facilities, and SB 1494, aimed at stopping patient brokering.

“Those who cannot remember the past are condemned to repeat it,” Werner said, “and we will not allow that to happen here in Arizona.”

Calls to the offices of Sen. Werner, Attorney General Mayes and Gov. Hobbs were not returned before publication. Quotes from the May 18 press conference are drawn from video posted by the Arizona Senate Republicans on YouTube. Anyone with information related to the AHCCCS fraud, missing relatives or fraudulent providers operating on tribal lands is encouraged to contact their local state representatives. The Navajo-Hopi Observer will continue to follow this story. Contact us at nhoeditorial@nhonews.com.