NINA MOINI: Tomorrow will be a year since the first changes were filed in an invest charges were filed in an investigation into fraud in autism therapy in Minnesota. It added fuel to calls for more oversight and accountability in state government. A new report finds a different phenomenon in autism therapy nationwide, a treatment dominating the industry, driven partly by private equity.

The education news site The 74 found that between 2019 and 2024, annual Medicaid billing for what's called applied behavioral analysis grew from $400 million a year to nearly 2 billion. Many of the largest providers were backed by private equity firms. Joining me to explain is Minnesota-based journalist Beth Hawkins, who reported the story. Welcome back to the program, Beth.

BETH HAWKINS: Thanks so much for having me, Nina.

NINA MOINI: We appreciate you sharing your reporting with us. Can you start by explaining the basics of this type of therapy at the center of this called applied behavioral analysis, or ABA? What is it?

BETH HAWKINS: It's a behavioral conditioning treatment or intervention that was originally pioneered by the same University of California, Los Angeles researcher Ivar Lovaas, who developed LGBTQ conversion therapy. A child, ideally, according to the industry, as young as possible, sometimes at the age of 2, starting right after their diagnosis, should spend 30 to 40 hours a week in one-on-one therapy, in which a behavior technician issues repeated commands for a child to stop or start a particular behavior.

This can include making eye contact. It can include wiggling, keeping your hands folded in your lap, saying words out loud. Some of these behaviors are frequently used by autistic people, however, to help regulate their nervous systems and to manage stimulus. So they're naturally occurring hallmarks of the neurotype.

But the goal of the treatment is often to help the child appear as normal as possible. And now that we have a generation of adults with autism who've been through the therapy, who have begun to find it traumatic, they're questioning whether the goal of trying to instill the appearance of normalcy is appropriate at any time.

NINA MOINI: How did it become so popular? You write, it's become the most widely used type of autism therapy.

BETH HAWKINS: There has been very little in the way of supports for families of children with autism over the last few decades, and the early stories of miraculous cures that circulated, parents took them up and went from state legislature to state legislature starting about 15 years ago, 20 years ago, asking for lawmakers to pass laws requiring insurance to cover the intervention, we should be clear it's not a cure, which can run to six figures a year per child.

They were very successful in applying state houses with their stories. The insurance benefit was passed in Minnesota in 2013. And then a year or two later, it became clear that autism therapy coverage and autism diagnosis were also covered by the Federal Affordable Care Act, at which point the industry really took off about 10 years ago. The number of providers began mushrooming and the amount that they were billing to state Medicaid plans, as you mentioned with our analysis, began mushrooming.

NINA MOINI: And so you downloaded this Medicaid data from Elon Musk's Department of Government Efficiency, or DOGE, as it's referred to, to look at how much providers are earning from these therapies. And then what did you learn?

BETH HAWKINS: The Department of Government Efficiency had the centers for Medicare and Medicaid services post the data because they wanted the public to crowdsource fraud. And having marinated in this data for several months, I can tell you that you cannot use it to do the kind of investigation that Minnesota State officials and federal officials have been doing of Medicaid fraud in Minnesota. You can, however, quantify who is earning what from it and who owns those businesses and how much their revenue has grown.

So we found that in 2019, there was $400 million being spent by state Medicaid programs on the six most common autism therapy billing codes, all of which correspond to ABA, applied behavior analysis. It's now $2 billion a year for a total of 7 billion over those six years. And there are a couple other numbers that could put that in context.

One of them is that federal spending on special education, which has services that have better evidence bases when it comes to helping autistic children manage the school environment, the home environment, public settings is $15 billion a year. If that 2 billion that we're spending on applied behavior analysis was turned over to schools, every district in the country could hire one or one and 1/2 occupational therapists who are specialists, who are very effective and in desperate short supply.

The other contextualizing number I'd like to mention is that the Autism CARES Act, which is the main pot of federal money appropriated by Congress to fund research into autism and into things that autistic people believe will make their lives better, for instance, vocational training, making higher Ed more accessible, it totals $360 million a year, which is less than the highest earning ABA company in our data set, a Michigan company called Centria earned over the six years that we looked at.

NINA MOINI: Well, and you also found that many of the big players here are backed by private equity firms. Can you talk about why that matters in this context and private equity firms that gather private dollars to invest in companies that aren't traded on public stock exchanges? And I know they've had a growing role in the health care system, and supporters say that it helps innovation. Those who don't support say it degrades quality and oversight. Why does this matter?

BETH HAWKINS: I think it matters because private equity has very few checks and balances. There's very little government oversight. There are some exceptions, but for the most part, these groups of private investors who put their money together to acquire a business don't have to report very much at all about what they're doing.

They frequently borrow the money for the transaction, acquiring, say, small networks of mom and pop autism therapy centers and stitching them into a large multistate venture. And then take the cash flow out. And it took me several repetitions to understand how this works. I'm not business person. But take the cash out while leaving the centers operating with the debt.

So in order to extract as much cash as possible, this particular model looks to standardize services. So if you were to accept that applied behavior analysis is, in fact, a gold standard treatment, it's supposed to be highly individualized to each child. The technicians are supposed to modify on the fly as they're collecting data about the child's response.

But federal audits that we examined after we looked at our numbers found that, in fact, private equity owned centers tend to standardize their plans, and in fact, sometimes clone or copy treatment notes, sometimes bill for more hours than exist in a day, bill for naps, lunch, playtime that the incentives to take as much cash as possible out while investing little in the business are rife.

And then once you've done that, you turn the network of providers over to another business. And the cycle starts again. Sorry, go ahead.

NINA MOINI: No, that's OK. I want everyone to go in and read your full reporting because I wish we had more time to get even more into it. It's really fascinating reporting. But just lastly, Beth, I know you said that state and federal leaders want to root out fraud in Medicaid programs and that this isn't quite going to help in that way. What do you know about how this is playing out in Minnesota and what trends are you seeing in Minnesota in particular?

BETH HAWKINS: I think the disability community is concerned about two things. One is that the consumers of the services are being hurt, while the state tries to correct that there are people going without needed CARE, While officials try to rein in fraud and improper spending.

The second thing I think there's concern about is that in an attempt to better regulate the industry, state officials may in fact further enshrine applied behavior analysis as the treatment, hopefully not to the exclusion of other modalities. I mean, this stuff is very technical. So, for instance, if the state were to enshrine applied behavior analysis billing codes as the allowable ones, other promising and potentially more effective therapies could be harmed.

NINA MOINI: Well, Beth, I want to thank you so much again for coming by the program and sharing your reporting with us. We really appreciate your time.

BETH HAWKINS: It is always a pleasure, Nina. Thank you so much.

NINA MOINI: Thank you. Beth Hawkins is a senior writer and national correspondent with The 74.