

Chairman John Joyce, MD
Opening Statement
Subcommittee on Oversight and Investigations
Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid
Tuesday, February 3, 2026 – 10:30 AM

As prepared for delivery.

Good morning, and welcome to today’s hearing entitled “Common Schemes, Real Harm: Examining Fraud in Medicare and Medicaid.”

Recent criminal prosecutions and continued allegations of fraud in the State of Minnesota’s Medicaid and other benefits programs have shone a spotlight on how vulnerable these programs are. Americans are outraged. Any amount of waste, fraud, or abuse of resources and taxpayer funds is too much, but it’s particularly alarming when it happens on a scale as large as what’s being uncovered in Minnesota.

What’s happening in Minnesota’s Medicaid program is critical and worth discussing, but it is just the tip of the iceberg – Medicare and Medicaid fraud is common, happening nationwide, and has been egregious for decades.

Some estimates place annual Medicare and Medicaid fraud losses at \$100 billion annually.¹ This is only a conservative estimate because fraud can only be accounted for if it’s detected.

The Government Accountability Office placed Medicare on its inaugural “high-risk” list in 1990, and it has remained there ever since. Medicaid also joined Medicare on the “high-risk” list in 2003. The Department of Health and Human Services Office of Inspector General has also sounded the alarm on the unsustainable rates of waste, fraud, and abuse in Medicare and Medicaid.

¹ Zamost & Brewer, *Inside the mind of criminals: How to brazenly steal \$100 billion from Medicare and Medicaid*, CNBC (Mar. 9, 2023), <https://www.cnbc.com/2023/03/09/how-medicare-and-medicaid-fraud-became-a-100b-problem-for-the-us.html>.

Here are just a few examples of some of the fraud schemes we are seeing in these programs.

- In New York, an adult day care owner defrauded Medicaid over \$68 million through illegal patient referral kickbacks and bribery schemes.
- In Arizona, a man based in Pakistan and the United Arab Emirates allegedly billed Arizona Medicaid \$650 million in a fraud scheme targeting the homeless and Native Americans seeking substance abuse treatment.
- In another case last year, seven defendants across Arizona and Nevada were charged in connection with an alleged \$1.1 billion Medicare fraud scheme for medically unnecessary amniotic wound allografts, or skin substitutes.
- Just a few weeks ago a Florida laboratory owner pleaded guilty to \$52 million in medically unnecessary genetic tests billed on behalf of Medicare beneficiaries.

In all these cases, patients suffer from unnecessary, inadequate, or a complete lack of medical care. In other cases, patients are unknowingly victims of identity theft or misleading marketing practices perpetrated by fraudsters.

And as highlighted in one of the above examples, nation-states and overseas criminal gangs are also targeting Medicare and Medicaid. Recent criminal indictments and convictions show the trend is getting worse and exemplify the scale of the fraud. It has been said that health care fraud is becoming easier and more lucrative than the illicit drug trade.

Patients will suffer if these health care programs cannot continue on a responsible fiscal path. It is our duty to protect these programs for our most vulnerable Americans. American taxpayers invest hundreds of billions into Medicare and Medicaid. We must do better to protect these programs from fraud that is draining them of billions of dollars annually.

We applaud law enforcement efforts that investigate and prosecute fraud, but we can save more money by detecting and preventing fraud before it occurs, rather than paying and chasing funds after they are paid to criminals.

I want to thank our witnesses for being here today. Your knowledge about this important topic will help us understand the challenge of Medicare and Medicaid program integrity we are facing today. As our witnesses will testify to today, these are real, legitimate fraud schemes.

With that, I now recognize our Ranking Member of the Subcommittee, Ms. Clarke for her opening statement.