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6 PROTECTING PATIENTS AND SAFEGUARDING TAXPAYER DOLLARS:

7 THE ROLE OF CMS IN COMBATTING MEDICARE AND MEDICAID FRAUD

8 TUESDAY, MARCH 17, 2026

9 House of Representatives,

10 Subcommittee on Oversight and Investigations,

11 Committee on Energy and Commerce,

12 Washington, D.C.

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16 The subcommittee met, pursuant to call, at 2:01 p.m. in  
17 Room 2123, Rayburn House Office Building, Hon. John Joyce  
18 [chairman of the subcommittee] presiding.

19 Present: Representatives Joyce, Balderson, Palmer,  
20 Weber, Allen, Fulcher, Harshbarger, Guthrie (ex officio);  
21 Clarke, Tonko, Trahan, Fletcher, Mullin, and Pallone (ex  
22 officio).

23 Also present: Representatives Carter; Landsman, and  
24 Schrier.

25 Staff Present: Ansley Boylan, Director of Operations;  
26 Jessica Donlon, General Counsel; Reagan Dye, Professional  
27 Staff Member; Sydney Greene, Director of Finance and

28 Logistics; Brittany Havens, Chief Counsel; Annabelle Huffman,  
29 Clerk; Megan Jackson, Staff Director; Jake Riith, Staff  
30 Assistant; Chris Sarley, Member Services/Stakeholder  
31 Director; Alan Slobodin, Chief Investigative Counsel; Timothy  
32 Trimble, Staff Assistant; Matt VanHyfte, Communications  
33 Director; Jane Vickers, Press Assistant; Katie West, Press  
34 Secretary; Keegan Cardman, Minority Staff Assistant; Addison  
35 Dascher, Minority Law Clerk; Austin Flack, Minority  
36 Professional Staff Member; Waverly Gordon, Minority Deputy  
37 Staff Director and General Counsel; Tiffany Guarascio,  
38 Minority Staff Director; Ciara Horne, Minority Fellow, OI;  
39 Serena Klebba, Minority Intern; Gayle Mauser, Minority Health  
40 Advisor; Will McAuliffe, Minority Chief Counsel, OI;  
41 Elisabeth Mellen, Minority Intern; Constance O'Connor,  
42 Minority Senior Counsel; Christina Parisi, Minority  
43 Professional Staff Member; Andrew Souvall, Minority Director  
44 of Communications, Outreach, and Member Services; Hannah  
45 Treger, Minority Staff Assistant; and Caroline Wood, Minority  
46 Research Analyst.

47

48           \*Mr. Joyce. The Subcommittee on Oversight and  
49 Investigations will now come to order.

50           The chair now recognizes himself for five minutes for an  
51 opening statement.

52           Good afternoon, and welcome to today's hearing titled,  
53 "Protecting Patients and Safeguarding Taxpayer Dollars: The  
54 Role of CMS in Combating Medicare and Medicaid Fraud."

55           Today we are continuing the subcommittee's ongoing  
56 examination of Medicare and Medicaid fraud. Kim Brandt from  
57 the Centers for Medicare and Medicaid Services is here today  
58 to discuss that -- very real and very harmful issues that we  
59 know address both Medicare and Medicaid fraud that are  
60 occurring right now in the United States, and what CMS is  
61 doing to address this widespread fraud.

62           In Medicare sectors such as durable medical equipment,  
63 genetic testing, skin substitutes, home health, and hospice  
64 are all experiencing high rates of fraud. In Medicaid  
65 schemes are running rampant in a variety of programs from  
66 non-emergency medical transportation to personal care  
67 services and substance use disorder treatment. These crimes  
68 are despicable, yet we are seeing them occur time and time  
69 again across this country. In Minnesota it is Medicaid ABA  
70 services. In California it is Medicare hospice services. In  
71 Florida it is Medicare durable medical equipment.

72           Once caught, fraudsters might be stopped but they are

73 always looking for their next scheme. The tentacles of these  
74 criminal schemes are long, and they reach into many different  
75 areas of health care. And many of these fraud schemes target  
76 vulnerable individuals such as the elderly, individuals with  
77 disabilities, the homeless, and people struggling with  
78 substance use disorders.

79         Moreover, taxpayers are being defrauded of outrageously  
80 large amounts of money. Pennsylvania's governor, Josh  
81 Shapiro, during his time as Pennsylvania's attorney general  
82 stated at a 2020 press conference, "It is possible -- no,  
83 likely -- that Pennsylvania is losing \$3 billion a year to  
84 fraud.'" And that is just one state. And that is just in  
85 one year.

86         For too long states have been permitted to run Medicaid  
87 programs with weak guardrails, making them easy targets for  
88 criminals to exploit. While states do have a duty to steward  
89 Federal and state taxpayer dollars responsibly, it is Federal  
90 oversight that is necessary to root out systemic fraud. As  
91 President Trump made clear during his recent State of the  
92 Union address and executive order establishing the anti-fraud  
93 task force, he is serious about the war on fraud. Under the  
94 leadership of Vice President and anti-fraud czar JD Vance,  
95 and under the leadership of Dr. Mehmet Oz, this  
96 Administration is taking bold steps to stop this fraud, more  
97 than any other presidential administration before it.

98           It is critical that fraud in government health care  
99 programs like Medicare and Medicaid are addressed to ensure  
100 that these funds, these -- adequate funds to maintain  
101 programs that are for those who are in need and not for  
102 fraudsters to steal. As this committee builds upon Medicaid  
103 program integrity efforts that we advanced last year in H.R.  
104 1, it is important that we continue to identify ways to  
105 address fraud to secure the financial stability and the  
106 longevity of these programs. The elderly, individuals with  
107 disabilities, pregnant women, and children all rely on these  
108 programs to receive the health care that they need and the  
109 health care that they deserve. We owe it to them to protect  
110 and preserve these programs, rather than allowing it to serve  
111 as a gold mine for criminals.

112           I want to thank Deputy Administrator Brandt for being  
113 here today. We are looking forward to hearing about the  
114 important work that you and your team are already doing at  
115 CMS under the leadership of Administrator Dr. Mehmet Oz to  
116 protect and to preserve Medicare and Medicaid.

117           [The prepared statement of Mr. Joyce follows:]

118

119           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

120

121           \*Mr. Joyce. With that I now recognize our ranking  
122 member of the subcommittee, Ms. Clarke, for her opening  
123 statement.

124           \*Ms. Clarke. Thank you, Mr. Chairman, and good  
125 afternoon, everyone.

126           At last month's hearing in this subcommittee, Democrats  
127 expressed our deep concerns with the reckless way the  
128 Administration was using claims of fraud in health care  
129 programs to justify its violent immigration operation in  
130 Minneapolis, where two Americans exercising their First  
131 Amendment rights were killed by DHS officers.

132           President Trump has weaponized the entire government to  
133 punish states and political leaders he does not like, and  
134 agency leaders are complying with his retaliatory agenda.  
135 Unfortunately, it includes the Centers for Medicare and  
136 Medicaid Services. In January CMS notified the State of  
137 Minnesota that it was acting to withhold about \$2 billion in  
138 funding for 14 Medicaid services over the next year. This  
139 threatened funding cut will affect home and community-based  
140 care for older Americans and the disabled, services for  
141 people with substance abuse use disorders, and services for  
142 children with autism.

143           Minnesota health officials are pushing back on this  
144 threat, saying these cuts would be, quote, "disastrous," end  
145 quote, for Medicaid beneficiaries in the state. One day

146 after President Trump declared a war on fraud at the State of  
147 the Union, Vice President Vance and CMS Administrator Oz held  
148 a press conference to announce additional Medicaid funds  
149 would be held from Minnesota, which could result in as much  
150 as \$1 billion in additional cuts.

151 Taking billions of dollars from the State of Minnesota  
152 and treating the state like an enemy, rather than a partner,  
153 will not make its Medicaid program any less vulnerable to  
154 fraud. What it will do is hurt hundreds of thousands of  
155 Minnesota residents who rely on Medicaid services to live  
156 independent and healthy lives.

157 And CMS is expanding its so-called investigations to  
158 more states: California, Maine, and my home state of New  
159 York. It is painfully obvious why these states and Minnesota  
160 have been targeted. They are all states led by Democratic  
161 governors that President Trump lost in the 2024 presidential  
162 election. And in the case of Minnesota, the governor was the  
163 Democratic nominee for vice president. He pointed out that  
164 the president and the people around him are weird, and now  
165 the president is taking away health care from his state's  
166 residents. These are the petty reasons why the entire Trump  
167 Administration is going after certain states, and why we can  
168 expect they will continue to follow the same playbook  
169 elsewhere around the country. And just minutes before the  
170 hearing started, the CMS inquiry has expanded to Florida.

171           Politically-motivated enforcement has real consequences  
172 for our constituents. Medicaid is a lifeline for more than  
173 70 million people in this country. Patients pay the price  
174 when billions of dollars are withheld from -- for entire  
175 categories of services, rather than specific claims. CMS and  
176 congressional Republicans want us to believe that the cuts  
177 only hurt fraudsters. But in reality, they are intentionally  
178 tearing down the Medicaid program. These cuts to Medicaid  
179 funding are just the latest Republican efforts to reduce  
180 health care services. I don't want to see that happen in New  
181 York, Minnesota, and elsewhere in the country. Democrats  
182 want to improve access and affordability of health care for  
183 everyone, and strengthen the Federal health care system so it  
184 is efficient and sustainable.

185           The abuse of taxpayer dollars is coming from the  
186 President of the United States who is using government  
187 resources as his personal revenge fund to punish his  
188 political enemies. Congress should not sit by while CMS  
189 abuses congressionally-appropriated funding to take vital  
190 services away from people. We don't need to choose between  
191 consistent funding for Medicaid and combating fraud. We can  
192 and must do both if we repair the damage being done by this  
193 Administration and the congressional majority. To start, we  
194 need to restore the nearly \$1 trillion Republicans cut from  
195 Medicaid in their reconciliation bill last summer.

196           Today we want answers from the CMS deputy administrator  
197 about the attack on health care in Minnesota, any similar  
198 plans for other states, and the impact of these attacks on  
199 the health of Medicaid beneficiaries.

200           Deputy Administrator Brandt, I hope that this is an  
201 opportunity for all of us to finally get some real  
202 transparency and specifics from an expert at CMS, rather than  
203 the rudderless partisan attacks that we have seen from Dr. Oz  
204 and Vice President Vance as friendly news programs or at  
205 press conferences [sic].

206           [The prepared statement of Ms. Clarke follows:]

207

208           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

209

210           \*Ms. Clarke. With that, Mr. Chairman, I yield back.

211           \*Mr. Joyce. Thank you. The chair now recognizes the  
212 chairman of the full committee, Mr. Guthrie, for five minutes  
213 for an opening statement.

214           \*The Chair. Thank you, Chairman. Thank you for the  
215 recognition. Thank you for being here to our witness, and  
216 good afternoon to everybody.

217           Gosh, the Center for Medicare and Medicaid Services,  
218 they safeguard our taxpayers. That is what you are here for.  
219 And you would think, if anything could be bipartisan in this  
220 committee, it would be when people do fraud to take away  
221 resources for people that really need them -- I mean, people  
222 really need Medicaid. It is important that they have. And  
223 when -- fraud just robs them of that. And there are people  
224 that set up these groups that aren't just overcharging or  
225 misbilling, which was brought up the other day, improper  
226 payments. We are talking people that set up fraudulent  
227 businesses to take money away from the people that need them  
228 the most, and not only money away from people who need it  
229 most, taking it out of the pockets of hard-paying [sic]  
230 taxpayers. It is frustrating that this can't be bipartisan.

231           And Florida is now -- you just noted Florida is under  
232 investigation. I just saw Governor DeSantis. He is not a  
233 Democrat, I can promise you that. The other -- I know that I  
234 sent a letter to Nebraska. So we are going to follow where

235 the fraud is. And if the fraud is in Democrat governors, we  
236 are going to hold them accountable for it. If it is  
237 Republican governors, we are going to hold them accountable  
238 for it because the people that need this program the most are  
239 the ones who are most vulnerable.

240 You think about who is vulnerable to fraud. You know,  
241 we have behavioral analysis for children with autism. They  
242 are -- we have those kind of programs. Non-emergency medical  
243 transportation has been in fraud. Those programs. Substance  
244 use disorder treatment. People who really need those  
245 programs are being robbed because people are robbing the  
246 hard-paying tax dollars [sic]. And so, you know, it -- you  
247 know, for example, just last month a Russian citizen was  
248 charged in an alleged \$3.4 million fraud scheme involving  
249 Medicare claims for durable medical equipment.

250 Today's hearing provides an opportunity to examine how  
251 much CMS is strengthening its efforts to detect fraud sooner,  
252 prevent fraudulent payments, and improve coordination with  
253 states and law enforcement agencies. It is also an  
254 opportunity to identify reforms that can further strengthen  
255 program integrity while protecting access to care for  
256 millions of Americans who rely on Medicaid and Medicare.

257 And I look forward to hearing from you today how we are  
258 going to deal with it. And gosh, if you think anything could  
259 be bipartisan, it is when people defraud the taxpayers that

260 work hard for their money, who generously through the  
261 programs give it to people who are the most vulnerable, and  
262 they are being taken advantage of. And they are being taken  
263 advantage of when people don't take this seriously as well.

264 [The prepared statement of The Chair follows:]

265

266 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

267

268           \*The Chair. And I will yield back.

269           \*Mr. Joyce. The gentleman yields. The chair now  
270 recognizes the ranking member of the full committee, Mr.  
271 Pallone, for five minutes for an opening statement.

272           \*Mr. Pallone. Thank you, Mr. Chairman.

273           The Trump Administration and congressional Republicans  
274 are continuing their crusade of ripping health care away from  
275 the American people while they spend billions of dollars on  
276 an unnecessary war in Iran that is jacking up gasoline prices  
277 for an American public that cannot afford it.

278           From the very beginning of this Trump Administration  
279 there has been a lot of big talk about fighting fraud. But  
280 in reality, President Trump has pardoned fraudsters and fired  
281 the very people in our Federal agencies who fight fraud.  
282 Right out of the gate, President Trump fired HHS Inspector  
283 General Christi Grimm, who had overseen massive successful  
284 investigations and prosecution of fraudsters. And Federal  
285 prosecutors in Minnesota who have been working with the state  
286 to fight fraud resigned in protest of the Trump  
287 Administration's lawless rampage in Minneapolis which left  
288 two innocent Americans dead.

289           Let me put this simply. Democrats want to fight fraud  
290 because we want to ensure every dollar is going to the people  
291 that need essential services. We believe that states and the  
292 Federal Government must be partners in fighting fraud. It is

293 the only way to do it.

294 It is time for Republicans to drop the pretense that  
295 this is all about fraud. It is not. Instead, it is about  
296 covering up for their terrible health care policies that are  
297 stripping health care away from millions and driving up costs  
298 that make health coverage out of reach for millions more.  
299 Their \$1 trillion in health care cuts will also shutter  
300 hospitals and nursing homes, and make nursing homes less safe  
301 by dramatically reducing staffing and safety standards.

302 Now, the Republican assault on health care will rip  
303 health care away from 15 million Americans, and has already  
304 jacked up monthly health care premiums for 20 million  
305 Americans -- in some instances either double or triple the  
306 prices that they were paying. Instead of spending billions  
307 of dollars on the Iran war, they should use the money to  
308 bring back the ACA enhanced premium tax credits which they  
309 let expire.

310 Over the past two -- I would say now over the past two  
311 months the Administration, the Trump Administration, has  
312 acted to withhold billions of dollars of Federal Medicaid  
313 funding in Minnesota for services like the home health care  
314 services for the elderly and disabled people rely on,  
315 supports for autistic children, services that help people  
316 suffering from a substance use disorder recovery, and they  
317 are now preparing to go after more states for no other reason

318 than they are run by Democrats. The Trump Administration has  
319 sent letters seeing a -- teeing up similar actions in  
320 California, Maine, and the ranking member of the subcommittee  
321 mentioned now Florida.

322         Unfortunately, the Trump Administration is not acting  
323 alone. Committee Republicans are now supporting these  
324 intimidation tactics by launching a scattered investigation  
325 of 11 states. Instead, we should be investigating war  
326 profiteering by the President's friends, the oil companies,  
327 who are making more money by jacking up oil prices. It does  
328 not matter that Minnesota has taken extensive efforts to  
329 crack down on the bad actors that perpetrate fraud. Instead  
330 of being a partner in anti-fraud efforts, the Trump  
331 Administration's Centers for Medicare and Medicaid Services  
332 has refused to collaborate with Minnesota, and is continually  
333 moving the goal posts, threatening to cut off all the funding  
334 the state receives for 14 critical health services.

335         Meanwhile, Dr. Oz is painting all Somali Americans as  
336 fraudsters in Minnesota, and points to Armenian Americans in  
337 California with the same brush. And the hands -- Dr. Oz is  
338 handing -- is basically taking data from CMS and sending it  
339 over to ICE so they can basically go over and continue their  
340 racist policies against Latino Americans.

341         I mean, the list goes on, and I don't even know where to  
342 begin. But the bottom line is the only fraud here is by the

343 Trump Administration and congressional Republicans who refuse  
344 to take care of people, refuse to lower health care costs or  
345 improve people's lives while they continue in an  
346 irresponsible war and immigration policies that are simply  
347 wrong. That is the fraud. The fraud is on them.

348 [The prepared statement of Mr. Pallone follows:]

349

350 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

351

352           \*Mr. Pallone. I yield back.

353           \*Mr. Joyce. The gentleman yields. That concludes  
354 members' opening statements. The chair would like to remind  
355 members that, pursuant to the committee rules, all members'  
356 written opening statements will be made part of the record.

357           We want to thank our witness for being here today and  
358 taking time to testify before the subcommittee. You will  
359 have the opportunity to give an opening statement followed by  
360 a round of questions from members.

361           Our witness today is Kimberly Brandt, deputy  
362 administrator and chief operating officer, office of the  
363 administrator, U.S. Centers for Medicare and Medicaid  
364 Services.

365           We appreciate you being here today, and I look forward  
366 to hearing from you.

367           You are aware that the committee is holding an oversight  
368 hearing and, when doing so, has the practice of taking the  
369 testimony under oath. Do you have any objection to  
370 testifying under oath?

371           \*Ms. Brandt. No.

372           \*Mr. Joyce. Seeing no objection, we will proceed. The  
373 chair advises that you are entitled to be advised by counsel,  
374 pursuant to House Rules.

375           Do you desire to be advised by counsel during your  
376 testimony today?

377           \*Ms. Brandt. I have my counsel with me, so --

378           \*Mr. Joyce. We will then ask you to please rise, raise  
379 your right hand.

380           [Witness sworn.]

381           \*Mr. Joyce. Seeing that the witness answered in the  
382 affirmative, you are now sworn in and under oath, subject to  
383 the penalties set forth by title 18, section 1001 of the  
384 United States Code. And with that we will now recognize  
385 Deputy Administrator Brandt for five minutes to give your  
386 opening statement.

387

388 TESTIMONY OF KIM BRANDT, DEPUTY ADMINISTRATOR AND CHIEF  
389 OPERATING OFFICER, CENTERS FOR MEDICARE AND MEDICAID SERVICES  
390

391 \*Ms. Brandt. Thank you, Mr. Chairman. Chairman Joyce,  
392 Chairman Guthrie, Ranking Member Clarke, and Ranking Member  
393 Pallone, as well as members of the subcommittee, I want to  
394 thank you for having the opportunity to discuss CMS's work to  
395 combat fraud, waste, and abuse in our programs.

396 The Centers for Medicare and Medicaid Services is  
397 entrusted with overseeing programs that provide health  
398 coverage to more than 170 million Americans and accounts for  
399 nearly \$1.8 trillion in annual Federal spending. In fact, if  
400 CMS was a country, it would have the 16th largest GDP in the  
401 world. With that responsibility comes a clear moral mandate:  
402 protect taxpayer dollars and protect the beneficiaries who  
403 rely on those programs.

404 Fraud is not a victimless crime, and we have an ethical  
405 obligation to address it. It siphons resources from critical  
406 health services. It undermines trust in our programs. And  
407 most importantly, it puts patients at real risk.

408 Just this past week Dr. Oz and I were in Los Angeles,  
409 continuing our efforts to look at hospice fraud there. As  
410 part of that visit we visited residential homes allegedly  
411 providing care for indigent seniors, including some who  
412 purportedly were providing hospice services. Sadly, these

413 homes were not providing any of those services. And in fact,  
414 law enforcement had to raid one of those homes because the  
415 residents were malnourished and improperly cared for. The  
416 conditions were appalling: unclean living conditions, moldy  
417 food, and, most importantly, no caregivers present. Yet the  
418 owners of these homes were receiving \$6,000 a month per  
419 resident, 36,000 total for 6 residents for services that were  
420 clearly never rendered, and yet taxpayers were footing the  
421 bill. This is unacceptable, and why CMS is so focused on  
422 stopping these egregious behaviors to ensure the health and  
423 safety of our beneficiaries.

424 In addition to real immediate harm experienced by  
425 patients, fraud can leave lasting damage. Fraudulent claims  
426 inserted into the medical record can make it so that people  
427 can have their future medical decisions influenced. It can  
428 have them denied insurance coverage, and it can impact the  
429 type of care they receive years later, sometimes in ways that  
430 are difficult to undo.

431 In addition to putting patients at risk, fraud is deeply  
432 harmful to taxpayers. Every fraudulent claim diverts limited  
433 Medicare and Medicaid dollars away from people who genuinely  
434 need care. It drives up program costs and premiums and it  
435 undermines public trust in the health care system. And that  
436 is why CMS is taking an aggressive, data-driven approach to  
437 crushing fraud before it starts and stopping it quickly when

438 it occurs.

439           Prevention is our first line of defense. However, based  
440 on my 20 years of experience working on fraud, waste, and  
441 abuse issues in government, the biggest impact we can make is  
442 building strong safeguards into both provider enrollment and  
443 beneficiary eligibility systems. This is a central part of  
444 CMS's efforts to move away from the pay-and-chase approach of  
445 the past to a more aggressive stop-and-cop approach. This  
446 starts immediately when a provider goes to enroll in  
447 Medicare. Using new algorithms we can compare new enrollees  
448 with the characteristics of all the bad actors that we have  
449 previously terminated from the program. We then put these  
450 new, high-risk providers on an enhanced watch list,  
451 monitoring their data and doing unannounced site visits.

452           Recent efforts in California for 177 newly-enrolled  
453 hospices resulted in 60 percent of those being revoked within  
454 6 months, and 35 percent of the remaining ones being subject  
455 to corrective action. These efforts help ensure that only  
456 qualified, legitimate providers can build the program. And  
457 at the same time, on the beneficiary side, we partner with  
458 states to strengthen eligibility checks for enrollees and  
459 data matching to make sure that we are protecting taxpayer  
460 dollars and preserving the benefits for those that truly  
461 qualify.

462           The fraudsters and their tactics are becoming

463 increasingly sophisticated, and CMS must constantly adapt to  
464 keep pace. We are investing in advanced analytics and  
465 predictive modeling to identify suspicious billing patterns  
466 in real time. These findings are used to target our  
467 oversight resources on areas where risk is highest and will  
468 have the greatest impact. It is these findings that helped  
469 us identify skin substitutes and other emerging scams.

470 Imperative to our efforts are collaborations with law  
471 enforcement and other Federal agencies. Through close  
472 coordination with our law enforcement partners, we are  
473 quickly able to identify credible allegations of fraud,  
474 support investigations with data analysis, and take swift  
475 administrative action when necessary. In just the last year  
476 our fraud war room, or the Fraud Defense Operations Center,  
477 has resulted in stopping over \$2.1 billion in Medicare  
478 payments across over 350 providers and suppliers.

479 I want to thank Congress for their work to safeguard CMS  
480 programs and the people they serve. Under the Working  
481 Families Tax Cut Act included significant Medicaid  
482 eligibility and financing reforms, including changes which  
483 aimed to ensure lawful enrollment and reduce financing  
484 loopholes. It also includes provisions to help CMS address  
485 concerns about concurrent enrollments and improper payments  
486 tied to deceased beneficiaries and providers.

487 CMS looks forward to continuing our work with Congress

488 and stakeholders to preserve access to care for society's  
489 most vulnerable populations. When fraud diverts resources,  
490 it threatens the sustainability of those programs. When  
491 fraud compromises care, it threatens patient safety. We have  
492 a moral obligation to protect both. CMS remains committed to  
493 strengthening oversight and using every available tool to  
494 safeguard these programs. Crushing fraud is not simply about  
495 recovering funds after the fact. It's about preventing harm,  
496 preserving trust, and ensuring that these programs remain  
497 strong for current and future generations.

498 Thank you, and I look forward to your questions.

499 [The prepared statement of Ms. Brandt follows:]

500

501 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

502

503           \*Mr. Joyce. I thank you for your testimony, and we will  
504 now move to questioning. I will begin and recognize myself  
505 for five minutes.

506           Deputy Administrator Brandt, in January we wrote a  
507 letter to HHS Inspector General March Bell expressing our  
508 concern about disturbing patterns in provider enrollment and  
509 suspected fraud in home health and hospice companies in LA  
510 County, California. In addition, a recent CBS News  
511 investigation of hospice fraud in Los Angeles County also  
512 found alarming patterns.

513           I ask unanimous consent to enter CBS News article  
514 entitled, "We Visited Ground Zero for Hospice Fraud, Los  
515 Angeles, California," dated March 10, 2026, for the record.

516           Without objection for the -- so ordered.

517           [The information follows:]

518

519           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

520

521           \*Mr. Joyce. CBS found that 89 hospice organizations  
522 were registered to one single address in Van Nuys. In  
523 addition, 700 of the roughly 1,800 hospice agencies in LA  
524 County triggered multiple red flags for fraud, as defined by  
525 the State of California. They also found that 42 percent of  
526 hospice companies having multiple red flag indicators are  
527 still in operation there. None of the hospices flagged by  
528 CBS News in California's enforcement actions database.

529           Deputy Administrator Brandt, what is CMS doing right now  
530 to address the very real concerns surrounding hospice fraud  
531 in Los Angeles?

532           \*Ms. Brandt. We share your concerns, Chairman Joyce,  
533 and I appreciate you raising this. As I mentioned, Dr. Oz  
534 and I were just in Los Angeles, the second visit this year,  
535 and we've taken a number of approaches.

536           First, as I indicated in my oral testimony, we are  
537 becoming much more aggressive in our follow-up efforts with  
538 new enrolled hospices. We're doing site visits, we're doing  
539 data analysis, and we're striving to make sure to take them  
540 out if they are not performing as a legitimate hospice when  
541 they're enrolled.

542           We're also looking at the buildings that you mentioned  
543 and the companies that you mentioned that are in these  
544 facilities where you can have up to 100 or maybe 300 of these  
545 hospices all enrolled at a single location. As a result, we

546 are upping our enforcement efforts to suspend or potentially  
547 revoke the numbers for the people in those buildings and to  
548 be able to validate their -- legitimate services are being  
549 provided because we don't want to stop that, but we want to  
550 make sure that they are stopped when they aren't legitimate.

551       Lastly, we have sent thousands of letters to people who  
552 have been enrolled in hospice to ask them to verify that  
553 they've actually been enrolled. The CBS News piece that you  
554 mentioned had the example of a woman who was enrolled in  
555 hospice and didn't realize it until her physical therapy  
556 claims were denied. As a result, now she would get a letter  
557 and she would know that and be able to come back to us and  
558 say, hey, I'm not in a hospice, I'm a healthy pickleball  
559 player.

560       So that's what we were attempting to do. And our hope  
561 is to take those 700-plus fraudulent hospices you're talking  
562 about down to 0 before the end of the year.

563       \*Mr. Joyce. I think you would agree with me that all  
564 fraud is egregious. But as a doctor, hospice fraud in  
565 particular is egregious and interrupts medical care and  
566 actually can cause a patient harm.

567       As you have been out fighting fraud with Dr. Oz, can you  
568 talk about what you have learned about the harms specifically  
569 to Medicare beneficiaries that has resulted from that hospice  
570 fraud?

571           \*Ms. Brandt. Certainly. We've heard several  
572 heartbreaking stories. Several of them have involved people  
573 signed up for hospice or their loved ones signed up for  
574 hospice without their knowledge. We talked to one woman  
575 whose brother had a stroke, was not entirely mentally capable  
576 so was living in an assisted living type of situation.  
577 People came by and seemed nice to him, seemed like they  
578 wanted to befriend him, got him to sign up for hospice, gave  
579 him a 40-inch TV, and then he was signed up for hospice  
580 benefits which, when he then came out with a serious illness  
581 that required hospice several months later, threatened his  
582 ability to get signed up for appropriate hospice to actually  
583 treat the illness which he was then diagnosed with  
584 terminally.

585           \*Mr. Joyce. When a fraudulent claim is paid out,  
586 whether to a bad actor in a hospice, or in home health, or in  
587 durable medical equipment, or any other sector, what is CMS's  
588 recovery rate on those dollars that go out?

589           \*Ms. Brandt. Unfortunately, it's very low. We don't  
590 have an exact estimate, but I would say probably 10 percent,  
591 which is why we need to shift our approach.

592           \*Mr. Joyce. That is nominal compared to what it could  
593 be if we stopped that money from going out in the first  
594 place. Since CMS has turned the spotlight on certain states,  
595 increasing the necessary oversight, has fraudulent claims --

596 have you seen a decrease?

597 \*Ms. Brandt. Well, as I mentioned, I can't speak to the  
598 specific states because most of those efforts are relatively  
599 new. But with our Fraud Detection Operations Center that I  
600 mentioned in my oral testimony, we have stopped over \$2.1  
601 billion from going out the door just since the end of March  
602 last year.

603 \*Mr. Joyce. I thank you for your vigilance on behalf of  
604 the patients who are being frauded, on behalf of the  
605 taxpayers who are paying for this. We appreciate the  
606 efforts. We look forward to working with you.

607 I now recognize the ranking member of this committee,  
608 Ms. Clarke, for her five minutes of questioning.

609 \*Ms. Clarke. Thank you very much, Mr. Chairman.

610 In addition to the billions of dollars that CMS is  
611 threatening to cut off to Minnesota, the agency has initiated  
612 investigations in California, Maine, and, most recently, New  
613 York. Ms. Brandt, which individuals at CMS were involved in  
614 the decision to select these particular states, and what was  
615 the process?

616 \*Ms. Brandt. Thank you for your question, Ms. Clarke.  
617 The answer is that it is the entire team of people within the  
618 Center for Program Integrity.

619 \*Ms. Clarke. Hold on one moment. I asked which  
620 individuals, not the team.

621           \*Ms. Brandt. That would be myself, as well as the  
622 career heads of the team.

623           \*Ms. Clarke. And what was the process?

624           \*Ms. Brandt. The process is we use a data-driven  
625 approach. We are constantly using heat maps and data  
626 analysis to be able to look and see where we think the  
627 largest shifts are. For instance, in Minnesota what we saw  
628 was an increase in the adult companion service providers by  
629 over 131 percent, with a corresponding increase in Medicaid  
630 payments of 234 percent while the number of actual  
631 beneficiaries remained fairly stagnant, at around an increase  
632 of just 24 percent during that period of time.

633           \*Ms. Clarke. You mentioned that you were one of the  
634 individuals involved in the decision. Were you personally  
635 involved in drafting, reviewing, and approving the letters?

636           \*Ms. Brandt. I was personally involved, yes.

637           \*Ms. Clarke. Administrator Oz has indicated that other  
638 states will receive similar inquiries from CMS. Can you  
639 confirm Administrator Oz's public comments that other states  
640 should expect letters from CMS?

641           \*Ms. Brandt. He continued to look at other states and  
642 just sent a letter to Florida today.

643           \*Ms. Clarke. And what data is CMS using to determine  
644 which state should be investigated, and how many more does it  
645 intend to investigate?

646           \*Ms. Brandt. We use the Medicaid data, the T-MSIS data,  
647 which is reported by the states, and we mine that data. It  
648 also recently has become publicly available so others can  
649 mine it as well. And that is the data that we use to be able  
650 to decide where to focus.

651           I cannot give you an exact answer on the number of  
652 additional states because that will depend on what the data  
653 shows us.

654           \*Ms. Clarke. Other states are understandably watching  
655 how CMS is treating Minnesota. In January CMS notified the  
656 State of Minnesota that the corrective action plan to address  
657 health care fraud was insufficient, and the agency was  
658 prepared to withhold more than \$500 million in quarterly  
659 Medicaid funding. The state requested a hearing on CMS's  
660 decision on January 9. It is now March 17, and the CMS has  
661 still not scheduled a hearing about these massive cuts. When  
662 will the hearing be, and why has it taken CMS this long to  
663 schedule it?

664           \*Ms. Brandt. In answer to your question about when the  
665 hearing will be, we have been stayed from actually planning  
666 the hearing because of subsequent litigation that the state  
667 initiated against the agency.

668           \*Ms. Clarke. While this process remains stalled, Vice  
669 President Vance and CMS Administrator Oz announced that  
670 Minnesota will be subject to an additional Medicaid funding

671 deferral of \$260 million a quarter, or up to \$1 billion over  
672 the next year. The state also asserts that CMS has not  
673 provided specific details that would justify this deferral.

674 Did CMS staff conduct a full audit of quarterly Medicaid  
675 -- excuse me -- Medicaid claims from Minnesota before making  
676 the decision to defer nearly \$260 million of reimbursements  
677 to Minnesota's state Medicaid agency?

678 \*Ms. Brandt. Yes. In fact, that number was reached  
679 after a very thorough financial review of the CMS-64 forms,  
680 which Minnesota provided to justify why they were entitled to  
681 those dollars.

682 \*Ms. Clarke. And how long did it take? How long was  
683 the audit? How long did it take to do that audit?

684 \*Ms. Brandt. The audits can take anywhere from 30 to 60  
685 days.

686 \*Ms. Clarke. Okay. So do you recall specifically  
687 Minnesota, how long it took?

688 \*Ms. Brandt. I don't recall exactly how long, but it  
689 would have been between 30 to 60 days.

690 \*Ms. Clarke. Why has CMS refused to fully explain and  
691 discuss the deficiencies you have found in the audited claims  
692 with the State of Minnesota?

693 \*Ms. Brandt. That is incorrect because our team has  
694 been meeting with the state on a regular, ongoing basis. We  
695 get weekly data feeds from the state, and up until a week ago

696 had been having weekly calls with the state and, in fact,  
697 have sent teams to the state three different times to meet  
698 with them.

699 \*Ms. Clarke. There has been no negotiated settlement or  
700 improvement, if you will.

701 \*Ms. Brandt. There has been ongoing discussions about  
702 their corrective actions, what they're doing, and the  
703 timeline by which they are going to complete those actions.

704 \*Ms. Clarke. And so these further deferral actions on  
705 top of what has already been withheld is what, is it a  
706 motivational thing? What is it? Why is that required if you  
707 are in negotiation?

708 \*Ms. Brandt. So there are two separate actions, ma'am.  
709 The first is a financial audit based on claims submitted that  
710 they need to be able to look to show that there is financial  
711 justification and appropriate documentation for how it is  
712 that they are going to be able to show why the claims that  
713 they submitted need to be reimbursed at that level.

714 The second is an ongoing discussion about program  
715 integrity actions, which is separate and distinct from the  
716 financial piece.

717 \*Ms. Clarke. Thank you. I yield back, Mr. Chairman.

718 \*Mr. Joyce. The ranking member yields. The chair now  
719 recognizes the chair of the entire committee, Mr. Guthrie,  
720 for his five minutes of questioning.

721           \*The Chair. Thank you, Mr. Chair, and it just still  
722 amazes me we are not all here unified, just amazed at the  
723 fraud that we are uncovering, and it just robs people who  
724 need Medicaid.

725           And so Dr. Oz recently said that in south Florida -- and  
726 I know you just sent a letter to south -- to Florida. And I  
727 know Florida was a state that President Trump won, if I'm  
728 correct and a Republican there, who is a friend of mine, is  
729 governor. The governor is a Republican, which they said they  
730 are only doing Democrat governors. That is just not  
731 accurate. So Dr. Oz recently said that in south Florida  
732 there is twice as many durable medical equipment companies as  
733 there are McDonald's.

734           In LA County, California, 89 hospice companies are  
735 registered to a single address in Van Nuys. Are there  
736 patterns -- so I don't know why this doesn't offend  
737 everybody, but I don't know. It is just a different world,  
738 it appears, here. Are there patterns in geographic  
739 concentration of Medicare fraud that CMS is seeking and  
740 tracking -- or seeing and tracking?

741           \*Ms. Brandt. Absolutely. In fact, we see very much  
742 different geographic patterns and pockets across the country.  
743 South Florida has traditionally always been a hotbed or  
744 epicenter of fraud. One of the reasons that the McDonald's  
745 stat that Dr. Oz is so fond of remains accurate, the fact of

746 the matter is there's always a high number of durable medical  
747 equipment suppliers in that area largely because you have a  
748 beneficiary population that is not always as familiar with  
749 the benefit, English is not their first language, they are  
750 more easily taken advantage of by these fraudsters. And so,  
751 as a result, we see a higher percentage of all types of  
752 fraud.

753 Similarly with Los Angeles, with Texas, particularly  
754 Harris County and other parts of southern Texas, we see the  
755 migratory patterns to many other areas of the country.  
756 Hospice, home health, and durable medical equipment are the  
757 top three areas that we typically see this happening. And  
758 when we shut it down in one area, it's like Whac-a-Mole; it  
759 pops up in another.

760 \*The Chair. Thank you. So also, CMS has historically  
761 relied upon a pay-and-chase model, processing claims first  
762 and pursuing fraudulent payments later. Given that  
763 recovering funds from bad actors is often costly, time  
764 consuming, and/or unsuccessful, can you walk us through what  
765 CMS is doing to shift resources towards pre-payment review  
766 and front-end fraud detection?

767 \*Ms. Brandt. Absolutely. We're using a variety of  
768 tools for this, and this is one of the things that I am  
769 personally most excited about, having done this for several  
770 years and had to spend time chasing after that money. We can

771 now stop it on the front end, and we're doing it not only  
772 through the war room that I described earlier, where we're  
773 looking at the most egregious of providers, at least five a  
774 day, and we have managed, as I mentioned before, to stop over  
775 \$2 billion to date. We're also now using new algorithms that  
776 we can get using machine learning and artificial intelligence  
777 to be able to run edits, to be able to stop the payments from  
778 going out the door.

779         Some of the new edits that we have used, we are able to  
780 see millions of dollars a week that we are able to stop  
781 before those claims even get paid. And that's where it's  
782 going to make a huge difference going forward.

783         \*The Chair. So in the last hearing we had on this the  
784 minority brought a witness that tried to define the  
785 difference between fraud and improper payments and saying  
786 these were improper payments, not necessarily fraud. That is  
787 what the witness was trying to bring forward. If you have 89  
788 hospice companies registered to one address in Van Nuys,  
789 California, what is the probability that is not fraud?

790         \*Ms. Brandt. It's a very low probability would be my  
791 estimate. And what we've seen is, when we go to validate  
792 that, it ends up being that the majority of them are  
793 fraudulent. These are not improper payments. An improper  
794 payment is when you have a documentation error or when you  
795 have something that is billed incorrectly. Fraud is when you

796 are deliberately and intentionally seeking to defraud the  
797 Federal Government. And that's what we're seeing in these  
798 companies that have 80-plus in one building, and where people  
799 are taking advantage of our most vulnerable citizens.

800 \*The Chair. So that is why we say when you defraud the  
801 Federal Government you are defrauding the taxpayer and you  
802 are defrauding the people who receive these benefits.

803 \*Ms. Brandt. Yeah, you're hurting everyone. The more  
804 dollars that go away from our ability to take care of people  
805 like in the house that I described in Florida that -- or in  
806 California we saw last week, that's dollars that should be  
807 taking care of them, not dollars that should be going  
808 overseas or to fraudsters to buy houses on the beach.

809 \*The Chair. Well, I know California does -- I pointed  
810 out Florida -- does have a Democrat governor, but people  
811 should still be offended by this fraud, wouldn't you say?

812 \*Ms. Brandt. As a taxpayer, everyone should be offended  
813 by this fraud.

814 \*The Chair. So how does the Fraud Defense Operations  
815 Center work? I got 30 -- we got a half a minute to kind of  
816 explain.

817 \*Ms. Brandt. Sure. The way it works is we get a mix of  
818 fraud investigators, lawyers, law enforcement, HHS, OIG, DoJ,  
819 medical professionals, all together, and we look at the data.  
820 Again, it's all data-driven. We look at real-time Medicare

821 claims data and determine where we see big spikes in the  
822 data.

823           So for instance, on skin subs, last year one of the  
824 cases we saw was an 89-year-old woman who had showed that she  
825 had had 5,029 claims for skin subs submitted on her behalf,  
826 and she was on hospice. So obviously, that's a pretty clear  
827 indicator of fraud.

828           \*The Chair. Is that improper payment or fraud?

829           \*Ms. Brandt. That would be fraud. And she would be  
830 mummified if that was actually the case.

831           And so, at the end of the day, what we're looking to do  
832 is to use the Fraud Defense Operations Center to go after  
833 these and to determine where we're seeing things like genetic  
834 testing or other types of emerging frauds so that we can stop  
835 them before they become a bigger issue. Catheter fraud is a  
836 great example of that. You may recall that issue. CMS was  
837 actually able to stop over 90 percent of that before it even  
838 went out the door. And that was huge because that was  
839 billions of dollars that was being organized by deliberate  
840 groups that were seeking to defraud the government and send  
841 that money overseas.

842           \*The Chair. Tough to defend the indefensible.

843           My time is expired and I yield back.

844           \*Mr. Joyce. The gentleman yields. The chair now  
845 recognizes the ranking member of the entire committee, Mr.

846 Pallone, for his five minutes of questioning.

847 \*Mr. Pallone. Thank you, Mr. Chairman.

848 I heard my Chairman Guthrie say that he wanted us to be  
849 unified. But I have to tell you that is very difficult with  
850 Dr. Oz at the head of CMS. I don't know why he isn't here  
851 today, to be honest, but in all honesty I don't trust him. I  
852 don't think he acts in good faith. And I think he's just a  
853 grandstander who likes to go on TV but doesn't really do  
854 anything, you know, substantively that's meaningful to help  
855 Medicare and Medicaid recipients. So I just want to lay that  
856 out. I am being honest.

857 I am going to use Minnesota as an example of what I just  
858 said. CMS sent a letter to Minnesota on December 5, 2025,  
859 demanding that the state take certain steps including  
860 submitting a corrective action plan by December 31, 2025.  
861 And then Minnesota discussed its planned corrective action  
862 plan with CMS on December 30, which was New Year's Eve, and  
863 then submitted it on the following day, which was the  
864 deadline provided by CMS. Minnesota then met with CMS on  
865 January 6th of -- you know, about a few days later. And  
866 according to the state, CMS did not provide Minnesota any  
867 substantive feedback on the corrective action plan at that  
868 meeting. But later that day Dr. Oz went on Fox News to  
869 announce that CMS would withhold \$515 million in Medicaid  
870 funding per quarter -- that's about 20 percent of the state's

871 Medicaid funding -- and called Minnesota's proposed  
872 corrective action plan -- and I quote -- completely  
873 insufficient, while complaining that it was sent to him on  
874 New Year's Eve.

875           So Minnesota basically submits their corrective action  
876 plan on the deadline that CMS gives them, and then only two  
877 business days later Dr. Oz trashes it -- of course, by going  
878 on Fox News and grandstanding on TV. This is my point. This  
879 is what he does.

880           Now, Ms. Brandt, who reviewed the corrective action plan  
881 in the two business days between December 31 and January 6  
882 that I mentioned and determined that it was, as Dr. Oz said,  
883 completely insufficient, as he told Fox News? Who reviewed  
884 it in those two business days?

885           \*Ms. Brandt. A team of program experts from the Center  
886 for Program Integrity and the Center for Medicaid and CHIP  
887 Services.

888           \*Mr. Pallone. Okay. In those two business days between  
889 Minnesota submitting its corrective action plan and CMS  
890 issuing its non-compliance notice, did CMS provide any  
891 substantive feedback to Minnesota or give Minnesota any  
892 opportunities to amend it before withholding more than half a  
893 billion dollars in health care funding?

894           \*Ms. Brandt. To be clear, no funds were actually  
895 withheld as a result of the corrective action plan until we

896 had a chance to thoroughly review it. The 259 million which  
897 was referenced by your colleague, the ranking member, is  
898 actually what the actual funds were that had been withheld.  
899 Dr. Oz said that CMS could take action to withhold up to the  
900 500 million that you're referencing, but no actual action was  
901 taken at that time until we reviewed the corrective action  
902 plan in more detail. And then I personally sent an email  
903 back to the state about a week later, after January 6, giving  
904 them detailed feedback on the corrective action plan. And  
905 then Dr. Oz and myself, along with a couple of other people,  
906 went and met with the state in person.

907 \*Mr. Pallone. All right. That was after the TV  
908 grandstanding.

909 Now, historically, CMS has only withheld funds as a last  
910 resort if a state is refusing to cooperate with the agency.  
911 But it seems to me that Minnesota did a lot, and you were  
912 still meeting with them, as you said, after Dr. Oz was on TV.  
913 And then in December -- on the December 5 letter that you  
914 sent you asked that Minnesota provide weekly updates to CMS,  
915 impose a six-month moratorium on providers, establish off-  
916 cycle revalidation for all provider enrollments, and submit a  
917 corrective action plan. It appears to me that Minnesota did  
918 all these things.

919 My whole point is he goes on TV, he says within two days  
920 that this plan is insufficient. Okay. You met with them a

921 few days later, but it wasn't long before you -- you know,  
922 before the axe came down. And that's not what normally  
923 happens.

924 So let me ask you. Do you agree that Minnesota took all  
925 four steps that you requested in your December 5 letter?

926 \*Ms. Brandt. As I mentioned to the ranking member, I  
927 would distinguish between the two actions. The corrective  
928 action plan and the program integrity actions that you were  
929 discussing that were the subject of the December 6 letter  
930 were focused on program integrity guardrails and the various  
931 issues that they needed to take to ensure that they were  
932 making appropriate payments.

933 The CMS-64 financial audits, which is based on actual  
934 deliverables and actual receipts provided by the state to  
935 CMS, is what is the focus of the --

936 \*Mr. Pallone. Yes, I don't buy it. I think that CMS is  
937 not working in good faith with Minnesota, and I worry that  
938 CMS is going down the same path of weaponizing health care  
939 funding for states and governors that the President doesn't  
940 like or is feuding with. That is what is happening.

941 But I yield back, Mr. Chairman.

942 \*Mr. Joyce. The gentleman yields. The chair now  
943 recognizes the gentleman from Texas, Mr. Weber, for his five  
944 minutes of questioning.

945 \*Mr. Weber. Thank you, sir.

946 Deputy Administrator, we are glad that you are here.

947 How long have you been in this role?

948 \*Ms. Brandt. I have been in this role since January of  
949 last year.

950 \*Mr. Weber. And you were there in the Trump  
951 Administration in a similar role.

952 \*Ms. Brandt. This is my third tour at CMS.

953 \*Mr. Weber. Yes, yes. You seem very knowledgeable  
954 about this, I appreciate that. I want to talk about my own  
955 home state of Texas.

956 And in the -- in Texas \$65 million was paid in  
957 fraudulent Medicare claims related to genetic testing that  
958 was never even requested on behalf of the beneficiaries.  
959 What -- have you -- are you -- it seems like you are aware of  
960 that. Have you observed, with respect -- have you observed --  
961 -- to their lab schemes that is involving fraudulent or  
962 unnecessary lab testing, how do you get to that? What is the  
963 process?

964 \*Ms. Brandt. It's very difficult, sir, and we have  
965 observed it. In fact, as I mentioned to you, with our Fraud  
966 Detection War Room that we have, of the 1.8 billion we  
967 stopped last year, 100 million-plus of it was related to just  
968 those types of laboratory services. And unfortunately, what  
969 that means is then, when those services get billed, even if  
970 they're not provided, they go on the patient's medical record

971 and it precludes them from being able to get that type of  
972 testing in the future when they might need it for a cancer  
973 diagnosis or something more serious.

974 \*Mr. Weber. So our great citizens are the brunt of  
975 that, really, while the thieves are making away with the  
976 taxpayer dollars.

977 \*Ms. Brandt. Correct.

978 \*Mr. Weber. I appreciate what you all are doing.  
979 Programs like Medicare and Medicaid are designed, as we would  
980 say, for the most vulnerable populations in our county --  
981 country, such as the elderly. These populations are also the  
982 most given to health care scams, as you well know. Given the  
983 essential role CMS plays in our health care system, how do  
984 you educate some of those elderly population to stay away  
985 from those scams?

986 \*Ms. Brandt. It's a great question and something we are  
987 continuing to work even more on. Right now we have several  
988 different things. We've been doing various videos that Dr.  
989 Oz has been posting telling people, if you see something, say  
990 something. Call 1-800-HHS-TIPS. Call 1-800-MEDICARE.  
991 Contact your Senior Medicare Patrol.

992 The hospice fraud that we've been looking at in Los  
993 Angeles, a big part of how we've been able to really  
994 successfully go after it is because we are partnering with  
995 the state officials for the Senior Medicare Patrol and for

996 the organizations that are protecting Medicare and Medicaid  
997 beneficiaries in LA, and really using them to help us  
998 identify where this fraud is occurring, and to then educate  
999 their members and the beneficiaries they serve about what to  
1000 do. It's really important to us that seniors understand that  
1001 they should not fall victim to these schemes or give their  
1002 information out to people. It's when they do that these  
1003 types of harms occur.

1004 \*Mr. Weber. Well, your lips to God's ears. I  
1005 appreciate you all doing it. This just -- to me, I am just a  
1006 simple guy -- I owned an air conditioning company business  
1007 for 35 years -- but math I can do. It seems like you ought  
1008 to go to the states and you ought to say which ones are the  
1009 first you are going to look at. You look at the number of  
1010 the population, you look at the number of the Medicaid -- I  
1011 am talking about the whole population in the state -- the  
1012 Medicaid recipients, the amount of Federal and state tax  
1013 dollars being spent -- or Medicaid dollars, and then the  
1014 method of recovering, if any, of the fraudulent dollars. CMS  
1015 claims by state, so identify the first state -- are you doing  
1016 that? Are you giving states priority to -- you have the most  
1017 amount of fraud in said state? How do you do that?

1018 \*Ms. Brandt. It's a combination of things. As we  
1019 mentioned, or as I mentioned earlier, we really do use a  
1020 data-driven approach. For instance, some of our recent

1021 actions which led to the letter to New York State was because  
1022 in New York what we found was that their spending for  
1023 Medicaid beneficiaries was 36 percent higher than the  
1024 national average. And we were trying to get a better sense  
1025 of why that is, particularly because of the fact there were  
1026 several particularly fraudulent types of services, such as  
1027 adult daycares, which seemed to be funneling a lot of these  
1028 dollars away from legitimate --

1029 \*Mr. Weber. Next thing you know you will have daycares  
1030 in Minnesota that get paid millions and millions of dollars  
1031 for keeping care of kids, and they don't. Did I say that out  
1032 loud?

1033 \*Ms. Brandt. And they also have autism services where  
1034 there were kickbacks of several thousand dollars paid to  
1035 patients -- or to parents for bringing their children in to  
1036 claim they had autism and to seek those services which were  
1037 never provided.

1038 \*Mr. Weber. So how do you -- and so when you say New  
1039 York was 36 percent higher than the other states --

1040 \*Ms. Brandt. Yeah. The average spending on each  
1041 beneficiary for New York Medicaid is 36 percent higher than  
1042 the national average.

1043 \*Mr. Weber. Do they seem willing to work with you and  
1044 to find out why that is, and to --

1045 \*Ms. Brandt. Well, that is why we sent them a letter,

1046 and we are hoping to get a response so that we can better  
1047 understand, using the information they provide, why that's  
1048 happening.

1049 I will say with Minnesota we've been able to come to a  
1050 much better understanding of what some of the issues were  
1051 that drove that spike in spending, and we're working with the  
1052 state to hopefully get better program integrity safeguards.

1053 \*Mr. Weber. Yes, well, there is a lot of waste, fraud,  
1054 and abuse out there, isn't it?

1055 \*Ms. Brandt. There is.

1056 \*Mr. Weber. And I --

1057 \*Ms. Brandt. It's not just out-and-out fraud. There's  
1058 also a lot of waste, people billing for services that -- at a  
1059 higher level than necessary. There's also a lot of abuse in  
1060 that people are just taking advantage and billing for things  
1061 that just aren't necessary at all, and then that puts  
1062 beneficiaries at harm too.

1063 \*Mr. Weber. Well, thank you. Our most vulnerable  
1064 Americans are paying that price, aren't they?

1065 Mr. Chairman, I yield back.

1066 \*Mr. Joyce. The gentleman yields. The chair now  
1067 recognizes the gentlelady from Massachusetts, Mrs. Trahan,  
1068 for her five minutes of questioning.

1069 \*Mrs. Trahan. Thank you, Mr. Chair.

1070 So rooting out fraud in Medicaid and Medicare is

1071 essential. It protects patients. It preserves the integrity  
1072 of these programs and ensures taxpayer dollars are spent on  
1073 the folks in our communities who actually need the help.  
1074 That is something I think every member on this committee can  
1075 agree on.

1076         And central to that mission is the HHS Office of  
1077 Inspector General. The OIG identifies fraud, it investigates  
1078 cases, and serves as a critical watchdog over these programs.  
1079 It seems like a valuable position as we talk about fraud,  
1080 waste, and abuse. That is why it remains so confusing to so  
1081 many of us why Donald Trump unilaterally fired the HHS  
1082 inspector general immediately after taking office,  
1083 contradicting his claim that combating fraud is a central  
1084 goal of this administration. Not only did the President move  
1085 the leading official for detecting fraud in Medicare and  
1086 Medicaid, but he left the role unfilled for almost an entire  
1087 year to then fill it with a partisan loyalist.

1088         Ms. Brandt, the HHS Office of Inspector General  
1089 recovered roughly \$30 billion for taxpayers since 2020 by  
1090 identifying fraud, waste, and abuse in Medicare and Medicaid.  
1091 If combating fraud is truly a priority for this  
1092 administration, why remove the independent watchdog  
1093 responsible for recovering those billions and replace them  
1094 with a partisan loyalist?

1095         \*Ms. Brandt. I was not involved or responsible for that

1096 decision, so I cannot speak to that. But I can tell you that  
1097 the HHS OIG is a valued partner of us at CMS in our fight  
1098 against health care fraud, and we work with them very --

1099 \*Mrs. Trahan. Yes --

1100 \*Ms. Brandt. -- every day.

1101 \*Mrs. Trahan. And we sort of trust that those watchdogs  
1102 are going to be independent.

1103 Now, I have seen the chairman's letter to Massachusetts  
1104 regarding our MassHealth program, and I want to be clear.  
1105 Fraud cases should absolutely be investigated and prosecuted.  
1106 And here is the thing. The cases that are cited in that  
1107 letter, we know about them precisely because Massachusetts  
1108 has strong safeguards in place. Our system identifies fraud.  
1109 We hold bad actors responsible, and we work to close the door  
1110 on future abuse. That is a system that is working. That is  
1111 what good oversight looks like. And if this committee is  
1112 serious about fraud, and I hope it is, then consistency in  
1113 enforcement matters, and that means we shouldn't just be  
1114 targeting a handful of states that happen to have Democratic  
1115 governors; we need to shine a light on the actions of this  
1116 White House, too.

1117 Ms. Brandt, do you know who Lawrence Duran is?

1118 \*Ms. Brandt. I do not.

1119 \*Mrs. Trahan. Well, Mr. Duran pleaded guilty to  
1120 stealing \$87 million from Medicare and was sentenced to 50

1121 years in prison for his crimes. But in May of last year  
1122 Donald Trump commuted his sentence. Are you aware of that,  
1123 Ms. Brandt?

1124 \*Ms. Brandt. I am not.

1125 \*Mrs. Trahan. In fact, President Trump has pardoned or  
1126 commuted the sentences of multiple individuals convicted of  
1127 defrauding Federal health care programs.

1128 Philip Esformes, who was convicted of orchestrating one  
1129 of the largest Medicare and Medicaid fraud schemes in  
1130 history, stealing approximately \$1.3 billion from these  
1131 programs, had his sentence commuted by President Trump.

1132 President Trump also pardoned 5 individuals convicted of  
1133 stealing roughly \$35 million from Florida's Medicaid program:  
1134 William Kale, Todd Farha, Thaddeus Bereday, Paul Behrens, and  
1135 Peter Clay. These cases involved large-scale fraud against  
1136 taxpayer-funded health care programs intended to serve  
1137 seniors, people with disabilities, and low-income families.  
1138 And the President of the United States freed every single  
1139 perpetrator of those crimes. It is maddening.

1140 I will close with this. Protecting Medicare and  
1141 Medicaid from waste, fraud, and abuse is one of the most  
1142 important things this committee can do. If this committee is  
1143 serious about that effort, we are here to work together on  
1144 strong solutions like strengthening provider screening in  
1145 Medicaid, addressing how some Medicare Advantage insurance

1146 gamed the payment structure by over-diagnosing patients to  
1147 inflate reimbursements, and targeting the areas experts have  
1148 flagged as the highest risk; not what we are doing by  
1149 targeting democratic states.

1150 Thank you, and I yield back.

1151 \*Mr. Joyce. The gentlelady yields. The chair now  
1152 recognizes the gentleman from Georgia, Mr. Allen, for his  
1153 five minutes of questioning.

1154 \*Mr. Allen. Thank you, Chair Joyce, for holding this  
1155 important hearing.

1156 I want to thank the witness for testifying and your  
1157 good, precise answers to these questions. Obviously, the  
1158 rising cases of fraud within Medicare and Medicaid is causing  
1159 significant burdens for millions of American patients and  
1160 seniors. That is why I am glad we are having this hearing to  
1161 explore solutions to the cost of care for Americans. And I  
1162 thank you for your willingness to do such a great job of  
1163 analyzing this.

1164 And I don't guess you made any of the recommendations to  
1165 President Trump on those pardons, did you?

1166 \*Ms. Brandt. He did not consult me.

1167 \*Mr. Allen. He didn't ask you? Okay.

1168 Deputy Administrator Brandt, when we talk about Medicare  
1169 and Medicaid fraud, can we get caught up in the sheer dollar  
1170 amounts and forget about the real beneficiaries that are

1171 harmed in many of these cases? Can you talk about the harm  
1172 that fraud causes to those beneficiaries out there who truly  
1173 deserve this -- what Congress intended for Medicaid?

1174 \*Ms. Brandt. I'm sorry, can you repeat the question?

1175 \*Mr. Allen. Yes.

1176 \*Ms. Brandt. They opened the door. It was a little  
1177 loud.

1178 \*Mr. Allen. Oh, okay, sorry. Yes. Can you tell us who  
1179 really has been adversely affected by this fraud in Medicaid?

1180 In other words, those who deserve the care who have not  
1181 gotten the care because someone is defrauding Medicaid.

1182 \*Ms. Brandt. Absolutely. Hundreds of thousands of  
1183 beneficiaries are impacted by this every single day. We see  
1184 this with people who are contacted about getting, for  
1185 instance, a motorized scooter when they might enjoy having a  
1186 motorized scooter but they don't meet the requirements for  
1187 actually needing a scooter. And then they get it, but then  
1188 when they actually need a true wheelchair that is needed for  
1189 their medical condition, they have already used their limit  
1190 of being able to get that type of device. Those are the  
1191 types of things that we see all the time, is that fraudsters  
1192 take advantage of these people.

1193 Chairman Guthrie was asking about the genetic testing.  
1194 A great example. A lot of these people will call  
1195 beneficiaries, ask them for their Medicare number.

1196 Unfortunately, the beneficiaries give it to them. And then  
1197 they send them a test that isn't even a real test. It's not  
1198 even a COVID test, maybe. And then, as a result, then it  
1199 says on their medical record that they've received this  
1200 genetic test. So when they need it to be able to determine  
1201 if they have markers for cancer or other things, they no  
1202 longer are able to get it and we have to work to clean their  
1203 record of that for them to get it, and that costs time.

1204 \*Mr. Allen. Right.

1205 \*Ms. Brandt. Which can cost them harm for their  
1206 program.

1207 \*Mr. Allen. Well, our constituent services team in the  
1208 12th district of Georgia is well aware of that because we are  
1209 getting tons of denials. And so what you are saying is that  
1210 is fraudulent denials in most cases.

1211 \*Ms. Brandt. In many cases the denials are fraudulent  
1212 or they're because there isn't appropriate documentation to  
1213 show that it's meeting the level of service that's being  
1214 billed for.

1215 \*Mr. Allen. There are documented cases of state  
1216 Medicaid officials failing to follow Federal requirements to  
1217 independently monitor their Medicaid program. What  
1218 authorities do CMS have to address states that fail to follow  
1219 Federal statutory and regulatory requirements in the Medicaid  
1220 program?

1221           \*Ms. Brandt. So CMS is required to ensure that states  
1222 and the providers that work with states follow all of the  
1223 requirements for those programs.

1224           \*Mr. Allen. What tools does CMS currently have to  
1225 ensure states are meeting program integrity requirements?

1226           \*Ms. Brandt. That is an area --

1227           \*Mr. Allen. Oversight.

1228           \*Ms. Brandt. Yeah, that is an area where we continue to  
1229 work with states. Traditionally, we've done audits of state  
1230 billings, both at the provider level and then we've done  
1231 financial audits of the state-submitted financials, which are  
1232 the CMS-64 audits that I referenced earlier.

1233           But most importantly, we work with states to ensure that  
1234 they're doing things like screening providers appropriately,  
1235 making sure that they're doing their own audits and they're  
1236 doing their own reviews to ensure that claims are paid  
1237 properly. And then we're working to create, by the end of  
1238 the year, a 50-state Medicaid Program Integrity Playbook  
1239 which hopefully will have best practices from across all 50  
1240 states to help states be able to learn from each other about  
1241 what's really working well in some states so that the states  
1242 who don't have as great of resources can hopefully implement  
1243 some of those ideas.

1244           \*Mr. Allen. Well, thank you so much for your service to  
1245 our country and to this agency and the great work that you

1246 are doing there. And, you know, I am behind you 100 percent.  
1247 So keep up the great work. Thank you.

1248 \*Ms. Brandt. Thank you.

1249 \*Mr. Allen. I yield back.

1250 \*Mr. Joyce. The gentleman yields. The chair recognizes  
1251 the gentleman from Oklahoma, Mr. Mullin, for his five minutes  
1252 of questioning.

1253 \*Mr. Mullin. I am the other Mullin, the one from  
1254 California, proudly.

1255 \*Ms. Brandt. You do look a little different. So yes.

1256 \*Mr. Mullin. Thank you, Mr. Chair.

1257 Thank you, Deputy Administrator Brandt, for appearing.  
1258 We all want to combat fraud where it exists. Yet CMS's  
1259 unprecedented action in withholding up to \$2 billion from  
1260 Minnesota's Medicaid program is deeply troubling to me.

1261 Thousands of individuals within the state are at risk of  
1262 losing access to essential services that the state cannot  
1263 finance on its own. Your agency cut entire categories of  
1264 services in Minnesota. As I understand it, it didn't target  
1265 specific providers, it didn't target specific claims. Most  
1266 disturbingly, there is nothing that indicates your agency put  
1267 thought toward how those cuts would impact the public itself.

1268 So before it moved to withhold up to \$2 billion from  
1269 Minnesota, did CMS complete any analysis of how many seniors,  
1270 children, or people with disabilities would lose care if the

1271 funding was withheld?

1272 \*Ms. Brandt. So in fact we did a detailed financial  
1273 analysis of that through our Centers for Medicaid and CHIP  
1274 Services, and determined that there were adequate funds in  
1275 Minnesota to be able to sustain the continuity of care if we  
1276 were to withhold the entirety of the money. In fact, we only  
1277 withheld the 260 million to date.

1278 \*Mr. Mullin. And was that an internal analysis by the  
1279 department?

1280 \*Ms. Brandt. It happens within the financial group, the  
1281 financial management group within CMS and our Medicaid  
1282 services.

1283 \*Mr. Mullin. Okay, would you be willing to share that  
1284 information with the committee?

1285 \*Ms. Brandt. We can follow up with the committee.

1286 \*Mr. Mullin. On January 27 of this year CMS sent a  
1287 letter to my home state of California launching its  
1288 investigation of Medi-Cal, the state's Medicaid program.  
1289 Using the same tactics used against Minnesota, CMS is  
1290 targeting programs that provide critical services including  
1291 early childhood intervention for kids with autism and in-home  
1292 care for the elderly and disabled.

1293 I am extremely concerned that CMS is using the pretext  
1294 of rooting out fraud to defund these essential services. For  
1295 seniors in particular, these services are the difference

1296 between whether they can live and age at home instead of an  
1297 institution. One senior in my district wrote to me saying,  
1298 quote, "For families like mine, these programs are not just a  
1299 safety net, they are a lifeline."

1300           Given how CMS has handled Minnesota's Medicaid program,  
1301 I am worried that you are about to withhold billions of  
1302 dollars of funding from California next without any real  
1303 justification, due process, or an effort to protect  
1304 vulnerable patients. So, Ms. Brandt, before CMS issued its  
1305 January 27 letter to California, which I have a copy of, did  
1306 CMS conduct any assessment of how many Californians receive  
1307 care through the programs that you deem as high risk for  
1308 fraud, and what the impact would be if you withhold funds?

1309           \*Ms. Brandt. We did an analysis of how many  
1310 beneficiaries were receiving those in California, and what we  
1311 determined was for the in-home supportive services, or the  
1312 IHSS services that we targeted in the latter, part of our  
1313 concern was that over a 10-year period of time California had  
1314 experienced a 348 percent -- sorry, tongue-tied there -- 348  
1315 percent increase in spending for those services without a  
1316 correlatively equal rise in the number of people receiving  
1317 those services, which is what prompted our desire to send the  
1318 letter.

1319           \*Mr. Mullin. But you do believe that the impacts of  
1320 withholding Medicaid funding, particularly when it comes to

1321 possibly limiting patients' access to services, should be  
1322 considered before doing so.

1323       \*Ms. Brandt. A hundred percent. In fact, one of the  
1324 things that I have stressed throughout my testimony today and  
1325 that we continue to have as a guiding light at CMS is the  
1326 whole goal of our fraud and abuse efforts is to make sure we  
1327 are keeping money to be able to provide services for the  
1328 seniors who need it. The example I gave in my oral of the  
1329 people in California that we saw in the residential home,  
1330 where they were getting \$36,000 per month from the Medi-Cal  
1331 program for people to be living in squalid conditions, that's  
1332 unacceptable. They deserve better and we, as taxpayers,  
1333 deserve better.

1334       \*Mr. Mullin. We are all against fraud. Let me be very  
1335 clear about that. That is not what this is really about, I  
1336 am afraid. I will continue to stand against these extreme  
1337 actions that are selectively targeting states with Democratic  
1338 leadership. My constituents deserve better than to have  
1339 their lifesaving health care used as a political pawn.

1340       With that I yield back.

1341       \*Mr. Joyce. The gentleman yields. The chair now  
1342 recognizes the gentlelady from Tennessee, Dr. Harshbarger,  
1343 for her five minutes of questioning.

1344       \*Mrs. Harshbarger. Thank you, Mr. Chairman, and thank  
1345 you for being here today.

1346           What recourse does CMS have to stop or pause suspicious  
1347 payments that are attributable to fraudulent claims before  
1348 they are paid?

1349           \*Ms. Brandt. We actually have a great deal of authority  
1350 in that regard, and we're exercising it more than ever. In  
1351 fact, as I mentioned a couple of times, we've been using it  
1352 through the fraud war room, but we're also now using it, for  
1353 instance, for these types of entities that the chairman  
1354 mentioned in his opening statement, where you have multiple  
1355 entities existing within a single office building, or when  
1356 you have areas with a extraordinarily high number of  
1357 potentially fraudulent entities. Our goal is to suspend  
1358 payments until we can determine that those are legitimate  
1359 services, and that's an important tool for us.

1360           \*Mrs. Harshbarger. That is a huge red flag, a huge red  
1361 flag.

1362           So what authorities does CMS have to direct states to  
1363 recoup fraudulent Medicaid payments? Because I have talked  
1364 to HHS about this.

1365           \*Ms. Brandt. Yeah, so we have a few authorities.  
1366 Again, if we can determine that a state has had payments that  
1367 have gone out for inappropriate payments -- in fact, a couple  
1368 of recent audits we had, we found hundreds of those instances  
1369 -- we go to the state and we point it out to them, and they  
1370 have to recoup it either from the providers or pay it back

1371 directly.

1372 \*Mrs. Harshbarger. What are the chances they are going  
1373 to recoup any of that money, though? If you have got  
1374 deceased patients -- deceased providers that they are  
1375 fraudulently billing, how are you going to recoup that?

1376 \*Ms. Brandt. Well, that's why we're trying to go to  
1377 stop-and-cop versus pay-and-chase, ma'am.

1378 \*Mrs. Harshbarger. Yes.

1379 \*Ms. Brandt. That's the real focus of that.

1380 \*Mrs. Harshbarger. Yes.

1381 \*Ms. Brandt. We want to use data analysis and more  
1382 advanced analytics to really be able to look at that data.

1383 Our challenge on the Medicaid side is the data that we  
1384 have is state-reported Medicaid data, which is often three to  
1385 four months old, and doesn't allow us to be able to see it in  
1386 real time.

1387 \*Mrs. Harshbarger. That is exactly right. That is  
1388 exactly right.

1389 How does CMS coordinate with Federal and state partners,  
1390 including HHS Office of Inspector General, the Department of  
1391 Justice, and state Medicaid fraud control units, and other  
1392 law enforcement entities when investigating those fraud  
1393 schemes?

1394 \*Ms. Brandt. We operate lockstep. Part of the war room  
1395 is that we have all those people in the same room --

1396 \*Mrs. Harshbarger. Yes.

1397 \*Ms. Brandt. -- talking with each other so that we can  
1398 actually impose a payment suspension on the spot. If we see  
1399 something in the data analysis that day --

1400 \*Mrs. Harshbarger. Yes.

1401 \*Ms. Brandt. -- we can put a stop on immediately, and  
1402 then our law enforcement partners can possibly even start  
1403 investigating it that day. And that's a huge shift from  
1404 where we used to be.

1405 \*Mrs. Harshbarger. Yeah. I mean, how do you have  
1406 everybody in the same darn office building and filing these  
1407 claims? It is just -- you know, it goes to my next question:  
1408 How is CMS working with law enforcement to crack down on  
1409 transnational criminal perpetrators of Medicaid and Medicare  
1410 fraud?

1411 \*Ms. Brandt. And that is one of the more tricky areas  
1412 that we work on. As we've seen, unfortunately, there are  
1413 foreign entities --

1414 \*Mrs. Harshbarger. Yes.

1415 \*Ms. Brandt. -- that have infiltrated the country by  
1416 buying sham operations. Many of these buildings that we know  
1417 of that have multiple entities in them that do not appear to  
1418 be real entities --

1419 \*Mrs. Harshbarger. Yes.

1420 \*Ms. Brandt. -- are owned by various foreign national

1421 interests. And as a result, we've been working very closely  
1422 with law enforcement to determine, are those legitimate or  
1423 not?

1424 \*Mrs. Harshbarger. Yes.

1425 \*Ms. Brandt. And then, if so, to hopefully stop any  
1426 payments from being made. Because once they go out the door,  
1427 they get funneled back overseas --

1428 \*Mrs. Harshbarger. Yes.

1429 \*Ms. Brandt. -- and it's nearly impossible for us to  
1430 catch them.

1431 \*Mrs. Harshbarger. Yes, it is almost impossible to  
1432 recoup anyway.

1433 Program integrity efforts vary significantly from state  
1434 to state. Are there best practices from certain states that  
1435 you can highlight that CMS believes should be adopted more  
1436 broadly?

1437 \*Ms. Brandt. Absolutely. In fact, part of the goal of  
1438 a lot of the letters that we've sent out and the reason we  
1439 asked the questions we did is because we want to develop a  
1440 50-state playbook by the end of the year --

1441 \*Mrs. Harshbarger. Yes.

1442 \*Ms. Brandt. -- which will highlight a lot of these  
1443 best practices and help us understand which states are able  
1444 to use things. The states where their data shows that  
1445 there's high instances of fraud, what is it that's working,

1446 what is it that's not working, and how can we help them to  
1447 learn from others, or how can we help other states to be able  
1448 to build better safeguards? That's the goal.

1449 \*Mrs. Harshbarger. Yes, you don't have to reinvent the  
1450 wheel; just do it right.

1451 \*Ms. Brandt. Exactly.

1452 \*Mrs. Harshbarger. And you have got states that are  
1453 doing it right.

1454 Let me make sure I have got time. Does CMS have the  
1455 capability to use its data to flag anomalies such as 89  
1456 hospice companies registered to the same building in Van  
1457 Nuys, California?

1458 And if CMS has the capability, what actions are taken to  
1459 determine whether the companies registered in that building  
1460 are legitimate businesses?

1461 \*Ms. Brandt. So we do two things. We do data analysis  
1462 to watch to see what types of billings are happening for  
1463 those entities.

1464 \*Mrs. Harshbarger. Yes.

1465 \*Ms. Brandt. And then secondly, we do on-site visits to  
1466 determine if they're real.

1467 \*Mrs. Harshbarger. Those on-site visits, they are --

1468 \*Ms. Brandt. And the on-site visits --

1469 \*Mrs. Harshbarger. -- pretty revealing.

1470 \*Ms. Brandt. -- are highly intensive --

1471 \*Mrs. Harshbarger. Yes.

1472 \*Ms. Brandt. -- and require a lot of resources, but  
1473 they pay dividends because what we've seen is --

1474 \*Mrs. Harshbarger. Yes.

1475 \*Ms. Brandt. -- where we do them we have high rates of  
1476 revocations.

1477 \*Mrs. Harshbarger. Yes. I don't tell people when I am  
1478 showing up to do something either, so it is better to keep it  
1479 a secret.

1480 I have got 14 seconds. What Medicare provider and  
1481 supplier categories are experiencing the most fraud today?

1482 \*Ms. Brandt. Well, it was until January skin subs.  
1483 That was our biggest area that we had seen a huge growth.  
1484 But now genetic testing, hospice, home health, and DME remain  
1485 our big four.

1486 \*Mrs. Harshbarger. Yes, yes, I got that because I get  
1487 complaints every day about that. So thank you.

1488 And I yield back.

1489 \*Mr. Joyce. The gentlelady yields. Votes have been  
1490 called. We will recess the hearing and reconvene 10 minutes  
1491 after the last vote.

1492 The subcommittee stands in recess.

1493 [Recess.]

1494 \*Mr. Joyce. The committee will now reconvene.

1495 The chair now recognizes the gentleman from New York,

1496 Mr. Tonko, for his five minutes of questioning.

1497 \*Mr. Tonko. Thank you, Mr. Chair, and thank you,  
1498 Ranking Member Clarke.

1499 Thank you, Ms. Brandt, for joining here.

1500 During his State of the Union address on February 24,  
1501 President Trump announced that Vice President J.D. Vance  
1502 would be leading the so-called war on fraud. The next day  
1503 CMS Administrator Oz appeared at a press conference alongside  
1504 Vice President Vance and said, and I quote, "The President  
1505 announced last night that he is appointing our Vice President  
1506 to lead the war on health care fraud: a wise choice."  
1507 Minutes later, however, the President -- Vice President  
1508 announced that he was, quote "tightening the screws,"  
1509 unquote, on the State of Minnesota, a major action against  
1510 the state Medicaid program.

1511 Since then the Administration has attempted to narrow  
1512 the Vice President's role. In a March 9, 2026 filing in  
1513 Federal District Court, the Department of Justice stated  
1514 that, and I quote, "Vice President Vance holds no delegated  
1515 Medicaid-related authority," unquote, and characterized his  
1516 posturing as nothing more than political rhetoric.

1517 So on one hand the Administration told a Federal  
1518 district court that the Vice President is just playing  
1519 politics. On the other hand President Trump and  
1520 Administrator Oz said that Vice President Vance will be

1521 leading the Administration's anti-fraud efforts. So Ms.  
1522 Brandt, given the contradiction here, I am hoping you can  
1523 clear this up for us. What role does Vice President Vance  
1524 play in CMS's anti-fraud efforts?

1525 \*Ms. Brandt. Well, for -- the regular fraud efforts are  
1526 led by Dr. Oz, as our administrator of CMS. And then  
1527 obviously, the Vice President, as the head executive within  
1528 the Office of the President, as designated by the President,  
1529 works very closely with Dr. Oz to coordinate those efforts.

1530 \*Mr. Tonko. So with that being said, what actual  
1531 authority does Vice President Vance have in relation to CMS's  
1532 anti-fraud work?

1533 \*Ms. Brandt. Well, again, working in the Executive  
1534 Office of the president, he helps work with all Senate-  
1535 confirmed political appointees, including Dr. Oz.

1536 \*Mr. Tonko. Well, let me ask some specific questions  
1537 here to try to get some clarity. Was Vice President Vance  
1538 involved in deciding any of the actions that have been taken  
1539 against Minnesota?

1540 \*Ms. Brandt. CMS has been directly involved in working  
1541 with the state to advance those actions.

1542 \*Mr. Tonko. But has Vice President Vance been involved  
1543 in any of the efforts?

1544 \*Ms. Brandt. Not in the day-to-day. But again, in his  
1545 advisory role from the White House, he remains involved in

1546 all of our anti-fraud efforts.

1547 \*Mr. Tonko. So was Vice President Vance involved in  
1548 selecting the states of California, New York, Maine, or  
1549 Minnesota for the CMS inquiries that were sent over the past  
1550 months?

1551 \*Ms. Brandt. As I stated earlier, those decisions were  
1552 driven entirely by data analysis performed by CMS based on  
1553 the spending and the number of beneficiaries in those states  
1554 and what we determined to be program integrity weaknesses.

1555 \*Mr. Tonko. So how does he function within that whole  
1556 framework, then, if -- is he --involved with some substantive  
1557 assignments?

1558 I mean, some of these calls seem like -- as you are  
1559 indicating, they are made by CMS, by Dr. Oz, but -- so at  
1560 what point does he enter in and what is his role, what is his  
1561 responsibility?

1562 \*Ms. Brandt. He has been designated by the President to  
1563 serve as the departmental-wide, agency-wide, government-wide  
1564 lead on anti-fraud efforts. And as such, our office as well  
1565 as all other offices across government are coordinating with  
1566 him in the new office that he has been entitled to head to  
1567 work on efforts to crush fraud across the whole agency, not  
1568 just in health care.

1569 \*Mr. Tonko. So can he challenge any of the decisions  
1570 made by Dr. Oz if he is the agent of anti-fraud?

1571           \*Ms. Brandt. Many of our efforts have dated -- pre-  
1572           dated when the Vice President was named to that role. As you  
1573           said, that was just in the State of the Union three weeks  
1574           ago, and a lot of our efforts have been ongoing since well  
1575           into last year.

1576           \*Mr. Tonko. So is that going to slide over to his  
1577           assignment area, rather than Dr. Oz, or are they going to be  
1578           doing this together?

1579           \*Ms. Brandt. We will remain committed at CMS to doing  
1580           health care fraud. The Vice President has been named to head  
1581           fraud across all government entities and agencies, of which  
1582           CMS is obviously one of them. We will continue to do our  
1583           part and our responsibility to safeguard the 170 million  
1584           Americans and 1.8 trillion in CMS.

1585           \*Mr. Tonko. Well, does he have involvement, then, in  
1586           selecting future states for CMS inquiries or investigations?

1587           \*Ms. Brandt. CMS will continue to be the one to make  
1588           data-driven and fact-based determinations as to which states  
1589           we will act upon, and we will notify the Vice President as  
1590           part of his new responsibilities. But we will be the ones  
1591           who will continue to drive that using our fact-based, data-  
1592           driven approach.

1593           \*Mr. Tonko. Well, I have a number of other questions  
1594           that I will get to you via the subcommittee, but just trying  
1595           to define his role here.

1596 [The information follows:]

1597

1598 \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

1599

1600           \*Mr. Tonko. So with that I yield back, Mr. Chair.

1601           \*Mr. Joyce. The gentleman yields. The chair now  
1602 recognizes the gentleman from Idaho, Mr. Fulcher, for his  
1603 five minutes of questioning.

1604           \*Mr. Fulcher. Thank you, Mr. Chairman.

1605           Ms. Brandt, thank you for your testimony today and just  
1606 for the overall information flow, which is very, very  
1607 helpful. And this hits home for me and for Idaho. There was  
1608 a significant, highly visible case in the northern part of  
1609 our state where there was a conviction of a physician that  
1610 was falsely billing for medical equipment, mainly for durable  
1611 medical equipment. And as a function of that, just a couple  
1612 of questions.

1613           When Medicare or Medicaid fraud is convicted -- or a  
1614 fraudster is convicted, does the DoJ claw back any of those  
1615 proceeds?

1616           \*Ms. Brandt. Yes. In fact, the Department of Justice  
1617 helps determine what type of restitution is needed in those  
1618 cases. It can be up to what they call treble damages, or  
1619 three times the amount of what was stolen from the programs.

1620           \*Mr. Fulcher. So do you have any idea how much may have  
1621 been collected over the last, say, five years or whatever  
1622 period of time you might be aware?

1623           \*Ms. Brandt. I can't speak to the totality of the five  
1624 years, but I can tell you that each of the last years the

1625 Department of Justice, with the partners at OIG and then  
1626 entities like CMS and the FBI, have collected billions of  
1627 dollars. And each year the amount gets even greater. So --

1628 \*Mr. Fulcher. Billions with a B.

1629 \*Ms. Brandt. Billions with a B.

1630 \*Mr. Fulcher. All right, thank you. I am not sure that  
1631 is --

1632 \*Ms. Brandt. It's not a good --

1633 \*Mr. Fulcher. Thank you, but I don't --

1634 \*Ms. Brandt. -- number to have --

1635 \*Mr. Fulcher. I don't say thank you --

1636 \*Ms. Brandt. -- necessarily, but it's better than not  
1637 having --

1638 \*Mr. Fulcher. -- in that sense.

1639 \*Ms. Brandt. -- it recovered.

1640 \*Mr. Fulcher. Right.

1641 \*Ms. Brandt. But we'd rather not have it to begin with.

1642 \*Mr. Fulcher. Yes, I understand. Let's talk about  
1643 financial institutions for a second.

1644 Do you think that -- do financial institutions, first of  
1645 all, do they have an obligation to report any suspicious  
1646 activity that could be linked to Medicare or Medicaid that  
1647 you are aware of?

1648 \*Ms. Brandt. It's a great question, actually, something  
1649 where we have been recently working very closely with our

1650 colleagues at the Department of Treasury, focused on just  
1651 that, how we can help make it so that banks can let us know  
1652 when they see suspiciously large deposits or when new  
1653 accounts are opened that have large dollars associated with  
1654 them. It helps us to know that those might be the subject of  
1655 health care fraud, and then we can monitor the payments to  
1656 them.

1657           So yes, banks --

1658           \*Mr. Fulcher. So --

1659           \*Ms. Brandt. -- have a responsibility, much like the  
1660 average person. If they see something, they should say  
1661 something.

1662           \*Mr. Fulcher. But there is not an obligation, but you  
1663 are thinking that that might not be a bad idea to require.

1664           \*Ms. Brandt. I'm not aware of a direct obligation, but  
1665 we have been working with them to ensure that there's  
1666 certainly a moral obligation.

1667           \*Mr. Fulcher. Great. Okay, thank you. Does CMS  
1668 conduct greater scrutiny on providers who specialize in  
1669 durable medical equipment? That is the issue that we had in  
1670 my state was primarily with that, like prosthetic devices,  
1671 orthotics, that type of thing.

1672           \*Ms. Brandt. Well, durable medical equipment is  
1673 consistently one of our highest areas of fraud. As I  
1674 mentioned, just with the war room that we've had, of the 1.8

1675 billion we stopped last year, 1.5 of it was related to  
1676 durable medical equipment. In general, durable medical  
1677 equipment is one of our highest rates of improper payments in  
1678 fraud of all the categories of payments that we have across  
1679 CMS.

1680 \*Mr. Fulcher. You notice trends in different  
1681 demographics where you are catching into some of these major  
1682 fraud activities? Any common themes for demographics?

1683 \*Ms. Brandt. Yes, there are. In fact, just again, as I  
1684 mentioned, I've been doing this now for 20 years through 3  
1685 tours at CMS, and when I started it was wheelchair fraud.  
1686 Back in the day everybody was getting a wheelchair.  
1687 Everybody that saw an ad on TV called in, and they could get  
1688 a wheelchair. And that was a multi-billion-dollar fraud.  
1689 More recently, we've seen frauds in durable medical equipment  
1690 involving things like continuous glucose monitors or CPAP  
1691 machines or other types of durable medical equipment, where  
1692 they're either prescribed unnecessarily or given to people  
1693 that don't actually need them.

1694 \*Mr. Fulcher. Well, listen, thank you for your work  
1695 and, once again, for your input.

1696 And Mr. Chairman, I think that does it for me and I  
1697 yield back.

1698 \*Mr. Joyce. The gentleman yields. The chair now  
1699 recognizes the gentleman from Ohio, Mr. Balderson, for his

1700 five minutes of questioning.

1701 \*Mr. Balderson. Thank you, Mr. Chairman.

1702 Thank you for being here, Deputy Administrator, I  
1703 appreciate that. Deputy Administrator Brandt, are provider  
1704 verification methods such as identify verification,  
1705 fingerprinting, unannounced site visits, and background  
1706 checks an effective tool to reduce the enrollment of  
1707 fraudulent providers?

1708 \*Ms. Brandt. We have found them to be a very effective  
1709 tool. And in particular, the on-site visits and doing the  
1710 background checks, especially the fingerprinting, has helped  
1711 us to be able to find unsavory characters participating in  
1712 our programs.

1713 \*Mr. Balderson. Thank you. Is CMS using technical  
1714 tools to improve and streamline provider enrollment?

1715 \*Ms. Brandt. We are. In fact, as I mentioned in my  
1716 beginning statement, we have a really cool series of  
1717 algorithms that we're now using that operates like Netflix.  
1718 So it'll say, Congressman Balderson, you really like to watch  
1719 action movies, and as a result this allows us to put all the  
1720 bad actors that we have had that we have taken action against  
1721 into this algorithm. And then, as a new enrollee comes in,  
1722 we run them against it. And much like Netflix tells you what  
1723 movie to watch, it tells us these are high-risk people. You  
1724 want to keep an eye on them. And as a result of that we've

1725 been able to do more targeted site visits, more targeted  
1726 follow-through along the types that you were mentioning, and  
1727 be able to kick out an even higher percentage of people  
1728 within the first six months of their participation.

1729       \*Mr. Balderson. Thank you. I will follow up to that.  
1730 So do you have an estimate of cost savings that have resulted  
1731 in CMS using these tools?

1732       \*Ms. Brandt. So far, with our enhanced site visits,  
1733 we've been able to assume at least \$250 million just over the  
1734 past couple of months for using these enhanced site visits to  
1735 be able to keep out providers, and we hope eventually it will  
1736 be in the billions.

1737       \*Mr. Balderson. Thank you. Across many states Medicaid  
1738 provides -- providers have been found billing for services  
1739 supposedly delivered to patients who were deceased,  
1740 hospitalized, incarcerated, or confined to -- living abroad.  
1741 For example, in Massachusetts a transportation company billed  
1742 for nearly 17,000 rides, including 100 for patients already  
1743 confirmed dead. In Colorado a defendant billed 165,000 for  
1744 rides for a beneficiary who had passed. In New York  
1745 investigators identified 25 transportation companies billing  
1746 for rides for patients confirmed deceased or hospitalized.

1747       What mechanisms does CMS currently have to cross-check  
1748 active claims against death records, hospital admission  
1749 records, and incarceration records before approving payment?

1750           \*Ms. Brandt. Well, I can speak primarily to the  
1751 deceased individuals that you referenced, sir, in that we  
1752 have a data matching agreement with SSA to be able to do a  
1753 cross-reference to something called the Death Master File.  
1754 And into the Death Master File all of the local localities  
1755 report all deaths. And as a result, we are able to run both  
1756 providers and beneficiaries against that to not only ensure  
1757 that we aren't paying for dead people, but we aren't paying  
1758 dead people. And that is what we do on the Federal side.

1759           On the state side it's more complicated because, for  
1760 states, they each have to do that on their own. So I can't  
1761 speak to what each state would do. And that is responsible  
1762 for several of the cases that you just referenced.

1763           \*Mr. Balderson. Okay, thank you. Federal law  
1764 enforcement has documented a pattern in which foreign  
1765 organized crime networks deliberately seek out and purchase  
1766 already enrolled legitimate Medicaid -- Medicare, excuse me  
1767 -- provider businesses, such as durable medical equipment  
1768 companies which we just talked about previously, specifically  
1769 because these businesses carry active billing credentials,  
1770 clean payment histories, and established relationships with  
1771 Medicare. Because in these situations fraud begins after  
1772 acquisition, rather than during enrollment, standard provider  
1773 screening does not detect it.

1774           What Federal requirement currently exists, if any, that

1775 obligates revalidation of providers in the course of  
1776 ownership changes?

1777           And is that requirement equivalent in rigor to the --  
1778 what is applied at initial enrollment?

1779           \*Ms. Brandt. It's a great question and one that we are  
1780 working to continue to tighten up. Currently there is a  
1781 three or five-year revalidation requirement, meaning that any  
1782 supplier or provider in the program has to revalidate their  
1783 credentials on either a three or five-year basis, depending  
1784 on the type of entity they are. If they have a change of  
1785 ownership, they are required to report that to us and they  
1786 have to do that -- I believe that's within six months. I'm  
1787 not recalling the exact timeframe, but there is a requirement  
1788 that they have to give us the change of ownership  
1789 notification. And then, from there, we follow up.

1790           One of the things that has been most challenging,  
1791 though, is that many of these entities use shell corporations  
1792 or shell entities. And even when we cross-reference them,  
1793 they look like they're legitimate entities. So under our new  
1794 CRUSH RFI, the Comprehensive Regulation for Uncovering  
1795 Suspicious Health Care, we're asking for comments until March  
1796 30 on just those types of things. Should we do higher surety  
1797 bonds? Should we have more rigorous screening provisions?  
1798 What should we do to make sure to further clamp down on  
1799 change of ownership?

1800           So we welcome you and everyone to give us your comments  
1801 on that.

1802           \*Mr. Balderson. Thank you very much. Well done.

1803           Mr. Chairman, I yield back.

1804           \*Mr. Joyce. The gentleman yields. The chair now  
1805 recognizes the gentlelady from Texas, Mrs. Fletcher, for her  
1806 five minutes of questioning.

1807           \*Mrs. Fletcher. Well, thank you, Chairman Joyce, and  
1808 thanks to you and Ranking Member Clarke for holding today's  
1809 hearing. Thank you, Ms. Brandt, for your time today.

1810           As I have said before, I think that this subcommittee in  
1811 particular has an important job to protect our communities  
1812 and the rights of our fellow citizens, including by making  
1813 sure that the executive branch is doing what it should, is  
1814 not over-reaching, and is not violating the rights of  
1815 Americans. And on that point I have serious concerns around  
1816 how Americans' personal information is currently being used  
1817 or misused in the Federal Government. And we have seen a few  
1818 lawsuits and some recent reporting on the issue of citizens'  
1819 data being used improperly by Federal Government employees,  
1820 particularly in connection with the DOGE effort and Elon  
1821 Musk.

1822           And on March 6 of this year the Social Security  
1823 Administration's inspector general notified some Members of  
1824 Congress that it is reviewing a whistleblower complaint

1825 related to the potential misuse of Social Security  
1826 Administration data by a former DOGE employee. The  
1827 Washington Post reported that this investigation stemmed from  
1828 a whistleblower complaint that a former DOGE software  
1829 engineer at the Social Security Administration claimed to  
1830 have retained copies of sensitive databases filled with  
1831 personal information on almost every living American.

1832         It is hard to describe. I don't know that I have the  
1833 words to describe what an incredible abuse of power that is.  
1834 But the unfettered access to Americans' sensitive personal  
1835 data that we have seen by officials in this administration,  
1836 particularly by the DOGE staff, is incredibly alarming. And  
1837 the firewalls that I have understood to be in place between  
1838 agencies and preventing access to information seem to have  
1839 come down.

1840         So just last month DOGE decided to post a whole database  
1841 of CMS's Medicaid provider spending without clear guardrails  
1842 on its use or an explanation of its limitations. And the HHS  
1843 DOGE's Twitter/X account said that using this data set it  
1844 would have been possible to easily detect the large-scale  
1845 autism diagnosis fraud seen in Minnesota. That data set has  
1846 since been pulled down, with the website saying now that it  
1847 is being updated.

1848         So Ms. Brandt, I want to ask you about this in  
1849 particular. Did you approve of this Medicaid data set being

1850 posted, or assist DOGE with collecting and posting this data  
1851 in any way?

1852 \*Ms. Brandt. Are you referring specifically to the HHS  
1853 data that you just referenced?

1854 \*Mrs. Fletcher. Yes, to the -- to the data set of CMS  
1855 Medicaid data that DOGE posted. Were you involved in that  
1856 collection of data or approving that?

1857 \*Ms. Brandt. No, I was not involved in the collection  
1858 or the approval of the posting.

1859 \*Mrs. Fletcher. Okay. And do you agree with their  
1860 statement that large-scale fraud was easily -- and they said  
1861 easily -- detectable using the data set?

1862 And if you do agree with that, then why didn't CMS catch  
1863 it?

1864 \*Ms. Brandt. I would agree that data can be used to be  
1865 able to find those types of fraud. I couldn't comment as to  
1866 how easily that is available. I can say that our team used  
1867 the same data sets to be able to drive a lot of our program  
1868 integrity oversight that we have been doing, and we also  
1869 discovered that there were issues with autism fraud both in  
1870 Minnesota as well as elsewhere in the country.

1871 \*Mrs. Fletcher. And so in that process, if you didn't  
1872 approve the DOGE folks' collection or use of this -- and it  
1873 may be true that you can use data sets, of course, I think we  
1874 would all agree with that, that data and having fact-based

1875 evidence and data is what we need to use to make decisions --  
1876 did anyone in the DOGE effort at HHS consult, to your  
1877 knowledge, ask about how this was used, or why safeguards to  
1878 that data are so important? Because putting it out there on  
1879 X seems, like, not what we should be doing with sensitive  
1880 data without any guardrails.

1881 I mean, was there any awareness on your end that  
1882 something like that was going to happen with their access to  
1883 this data?

1884 \*Ms. Brandt. Again, I can't speak to what DOGE knows or  
1885 doesn't know, or how their decision-making process works.  
1886 But I can tell you that at CMS we take very seriously our  
1887 privacy responsibilities and our responsibility to make sure  
1888 that we are safeguarding people's data.

1889 \*Mrs. Fletcher. Well, and I appreciate that, and that  
1890 is absolutely essential to your charge. Americans across the  
1891 country are trusting that when they share this information,  
1892 whether it is with CMS, whether it is with Social Security,  
1893 whether it is with the IRS, that this data is protected.

1894 And I think you have answered my next question. You are  
1895 not aware of what has been shared with DOGE, but you agree  
1896 with me that there are safeguards that exist to prevent it  
1897 from misuse, and this committee should make sure that those  
1898 safeguards are followed.

1899 \*Ms. Brandt. We are always doing that at CMS.

1900            \*Mrs. Fletcher. Okay. Well, I have used up my time so  
1901 I thank you very much for your testimony.

1902            And Mr. Chairman, I yield back.

1903            \*Mr. Joyce. The gentlelady yields. The chair now  
1904 recognizes the gentleman from Georgia, Mr. Carter, for his  
1905 five minutes of questioning.

1906            \*Mr. Carter of Georgia. Thank you, Mr. Chairman, and  
1907 thank you for being here, Deputy Administrator.

1908            Ms. Brandt, professionally I am a pharmacist, so I have  
1909 dealt extensively with Medicaid and Medicare, and  
1910 particularly with reimbursement, having owned my own business  
1911 for so many years, 32 years. And I know that -- firsthand  
1912 how important the dollars spent and making sure that they are  
1913 appropriately spent to support legitimate care for the  
1914 patients who truly need it. Unfortunately, we have seen a  
1915 lot of fraud schemes, and they continue to evolve, and they  
1916 often target areas of a program where reimbursement is high  
1917 or oversight may be more challenging.

1918            One area that has seen dramatic growth, dramatic growth  
1919 in Medicare spending in recent years has been the use of skin  
1920 substitute products for wound care. It is very important.  
1921 We need that. We need skin substitute products for wound  
1922 care. But what we have seen has obviously been out of  
1923 control. And I applaud the agency for addressing that. But  
1924 these products do play an important role in treating chronic

1925 wounds, and -- but the rapid spending growth, as I say, and  
1926 the unusual billing patterns have raised concerns that some  
1927 providers might be over-utilizing these products or billing  
1928 for services that may not be medically necessary.

1929 Can you answer me this? Medicare claims for skin  
1930 substitutes, since they have grown so dramatically, what are  
1931 the most common waste, fraud, and abuse indicators that CMS  
1932 has identified in this area?

1933 \*Ms. Brandt. Well, what we've seen is an exorbitant  
1934 rise in the number of claims submitted for those. I gave an  
1935 example earlier, but in the fraud war room we've actually  
1936 seen numerous examples of beneficiaries who have had  
1937 thousands of skin substitute claims submitted just for one  
1938 beneficiary, which would mean that that was practically  
1939 impossible. They would be covered in skin --

1940 \*Mr. Carter of Georgia. It has been pretty obvious --

1941 \*Ms. Brandt. Yeah.

1942 \*Mr. Carter of Georgia. -- is what you are telling me.

1943 \*Ms. Brandt. Correct, yes.

1944 \*Mr. Carter of Georgia. And I would agree it has been.  
1945 But again, there is -- we got to be careful because it is  
1946 important. We don't want amputations, particularly in  
1947 patients -- as we all know, diabetic patients, if you get a  
1948 wound on a -- on their lower extremity, that is -- it is  
1949 going to be -- you know, it is going to be awful, and it is

1950 going to result, a lot of times, in amputation.

1951 But what kind of countermeasures are -- is CMS  
1952 implementing to reduce the wasteful and sometimes medically  
1953 unnecessary use of the skin substitutes?

1954 \*Ms. Brandt. Well, there's a couple of different things  
1955 that we've done because we agree with you, we want the people  
1956 who need those services to be able to get them. I have  
1957 family members who are diabetic who have had wounds that have  
1958 required those, so I know how vitally important they can be.  
1959 However, what we have done is we changed the payment  
1960 structure for skin subs, which, starting January 1, under the  
1961 new payment rules, we have seen a 99 percent reduction in  
1962 billing for skin subs. We have not seen a correlative rise  
1963 in people coming to us and saying they don't have access to  
1964 skin subs.

1965 We've also done letters to hundreds of skin subs  
1966 providers where we sent them letters saying, hey Dr. Carter,  
1967 did you know that your billings were 10 times more or 4 times  
1968 more what those of your colleagues are? You should just be  
1969 aware that we're keeping an eye out of it. As a result of  
1970 those letters that we sent out, we had an over 60 percent  
1971 rate of people just dropping out immediately and not billing  
1972 for skin subs anymore. The remainder stopped billing for  
1973 everything -- stopped billing for skin subs, but kept billing  
1974 for everything else.

1975           \*Mr. Carter of Georgia. And that is great, and I  
1976 applaud you for that. That is what you ought to be doing.  
1977 That is what we are expecting you to do. Have we had any  
1978 results in seeing more amputations? I mean, is there any way  
1979 -- how are we ever going to quantify that?

1980           \*Ms. Brandt. So we have not seen a correlative rise in  
1981 the number of people that need or are expecting to receive  
1982 skin substitute as a result. And as I said, once we have  
1983 changed the payment structure as of January 1, we have  
1984 received, to my knowledge, no pushback from the beneficiary  
1985 community saying that they don't have access to being able to  
1986 get that care. We, you know, continue to work with and would  
1987 obviously respond if those beneficiaries would come forward  
1988 and could point to us where those problems were occurring,  
1989 and then we would obviously revisit our approach.

1990           \*Mr. Carter of Georgia. Okay.

1991           \*Ms. Brandt. But as of right now we're good.

1992           \*Mr. Carter of Georgia. Okay. Well, I know you will  
1993 find it hard to believe, but I got a bill that addresses  
1994 this.

1995           \*Ms. Brandt. I'm shocked by that.

1996           \*Mr. Carter of Georgia. It is the Skin Substitute  
1997 Access and Payment Reform Act, and it would modernize the  
1998 payment system for skin substitute products. I am just  
1999 worried we swung the pendulum too far. I know it has got to

2000 swing back, but I am just scared we may have swung it too  
2001 far, and that we are going to get adverse effects as a result  
2002 of that.

2003 But my bill puts an end to runaway prices and  
2004 inappropriate prescribing by implementing new program  
2005 integrity reforms and ensuring that patients that -- in need  
2006 receive affordable, accessible, and high-quality care. So I  
2007 invite all of my colleagues to sign on to it. I hope you all  
2008 will look at it. And I know that the agency is. I have been  
2009 in touch with them, and we are trying to address this.

2010 Just -- I am running out of time, but I wanted to  
2011 mention also in my practice of pharmacy I was very involved  
2012 in hospice care. And I can tell you I saw the proliferation  
2013 of hospices as a result of overbilling and just the fact that  
2014 there was a lot of problems in that area. So I appreciate  
2015 your attention to that, as well.

2016 \*Ms. Brandt. You're welcome.

2017 \*Mr. Carter of Georgia. Thank you.

2018 \*Ms. Brandt. It needs to be very much focused on.  
2019 Thank you.

2020 \*Mr. Carter of Georgia. Well, and please understand I  
2021 am not criticizing you on the skin products. I am just  
2022 saying we got to find a happy median there, okay?

2023 \*Ms. Brandt. Understood.

2024 \*Mr. Carter of Georgia. Okay.

2025           \*Ms. Brandt. Thank you so much.

2026           \*Mr. Carter of Georgia. Thank you. I yield back.

2027           \*Mr. Joyce. The gentleman yields. The chair now  
2028 recognizes the gentlelady from Washington, Dr. Schrier, for  
2029 five minutes of questioning.

2030           \*Ms. Schrier. Thank you, Chairman Joyce and Ranking  
2031 Member Clarke, and thank you to our witness for being here  
2032 today to take our questions.

2033           I am really glad that we are discussing fraud. It is an  
2034 issue that we all want to crack down on. Fraud and abuse  
2035 hurts patients, hurts honest providers, and, of course, hurts  
2036 taxpayers. And this is not a partisan issue. Fraudsters  
2037 need to be prosecuted.

2038           But the reality is that right now fraud is being  
2039 weaponized by Republicans to mainly target states run by  
2040 Democrats. And recently the Energy and Commerce Republicans  
2041 sent a letter to my state of Washington with questions about  
2042 fraud in our Medicaid program, which, by the way, are state-  
2043 caught.

2044           Mr. Chairman, criminals should be prosecuted whether  
2045 they are in blue states or red states. We need equal  
2046 opportunity prosecution of fraud, and I am so ready to work  
2047 with you to make sure we are rooting out fraud everywhere.  
2048 But it turns out that other than when it is politically  
2049 convenient, this Administration has actually made it much

2050 harder to investigate fraud in Medicare and Medicaid.

2051           Just four days into his presidency, President Trump  
2052 illegally fired 17 inspectors general, the very people  
2053 responsible for rooting out fraud and abuse in government  
2054 programs. These are the watchdogs who protect taxpayers. He  
2055 has also pardoned several criminals convicted of ripping off  
2056 taxpayers and committing health care fraud. And here is just  
2057 a few. Lawrence Duran pleaded guilty to stealing \$87 million  
2058 from Medicare.

2059           Ms. Brandt, does that sound like fraud to you?

2060           \*Ms. Brandt. If he was convicted of fraud, yes.

2061           \*Ms. Schrier. He pleaded guilty. President Trump, who  
2062 Republicans keep referring to in this committee hearing as  
2063 the president who is waging the toughest-ever crackdown on  
2064 fraudsters, pardoned him.

2065           Philip Esformes was convicted of stealing \$1.3 billion  
2066 from Medicare and Medicaid. Does that sound like fraud to  
2067 you?

2068           \*Ms. Brandt. Again, if he was convicted.

2069           \*Ms. Schrier. He was convicted indeed. Well, it turns  
2070 out President Trump commuted his 20-year sentence.

2071           And then a whole group -- William Kale, Todd Farha,  
2072 Thaddeus Bereday, Paul Behrens, and Peter Clay -- conspired  
2073 to steal \$35 million from Florida's Medicaid program, and  
2074 they were convicted.

2075 Ms. Brandt, again, does this sound like fraud to you?

2076 \*Ms. Brandt. Again, assuming they were convicted.

2077 \*Ms. Schrier. And again, President Trump pardoned them.  
2078 There is a definite pattern here, and so I am wondering about  
2079 this pattern, Ms. Brandt.

2080 What message does it send to fraudsters or would-be  
2081 fraudsters when they see the President of the United States  
2082 pardon people convicted of stealing money from taxpayers?

2083 \*Ms. Brandt. I certainly can't speak to the President's  
2084 actions because I'm not involved in those at all. But what I  
2085 can say is that at CMS we have been focused from the very  
2086 first day of the Administration on going after health care  
2087 fraud.

2088 \*Ms. Schrier. The question is a little different. What  
2089 message does it send -- this is not a comment about what the  
2090 President did, because we all just heard that he pardons  
2091 fraudsters -- what message does it send to other potential  
2092 criminals or to other fraudsters or potential fraudsters when  
2093 they see fellow fraudsters being pardoned by the president?

2094 \*Ms. Brandt. I certainly can't speak to that.

2095 \*Ms. Schrier. Okay. I think everybody listening could  
2096 draw their own conclusions about what that -- what message  
2097 that might send.

2098 And then, of course, what do you think about President  
2099 Trump's decision to fire the non-partisan HHS inspector

2100 general and then wait a whole year to replace him with a  
2101 partisan HHS inspector general with his own history of ethics  
2102 violations?

2103 \*Ms. Brandt. Again, I can't speak to the President's  
2104 actions, but I can say that we partner very closely with the  
2105 HHS inspector general's office.

2106 \*Ms. Schrier. I am glad that you do, and thank you for  
2107 making sure that you do that and making sure that you do that  
2108 in a bipartisan manner and crack down on fraud in all states.

2109 I just want to say that when I think about this, this  
2110 new inspector general, maybe he is doing his job, maybe he is  
2111 doing it fairly. But I will tell you that as we are hearing  
2112 about the so-called president who is cracking down on fraud,  
2113 the stories that we are hearing about pardoning fraudsters  
2114 sure does not sound like a president cracking down on fraud.  
2115 It sounds like a president who sweeps fraud under the rug.

2116 I have 30 seconds left, so I am just going to mention  
2117 the WISer program. There is a pilot program that CMS  
2118 launched earlier this year that essentially is using AI to  
2119 bring in prior authorization to traditional Medicare. It has  
2120 been a disaster, by the way, in Medicare Advantage, and has  
2121 specifically been modeled to deny or delay coverage to  
2122 seniors. And I am just going to express that AI can be used  
2123 and dialed up for good or bad. And I am very concerned about  
2124 bringing the WISer program into traditional Medicare because

2125 the incentive structure will be used to deny care because  
2126 they are incentivized in terms of payment to be paid  
2127 according to how much they save or do not pay out or do not  
2128 offer services to seniors.

2129 So please reconsider. And I have a letter to you asking  
2130 for that very thing, to not implement the WISeR program.

2131 Thank you.

2132 Yield back.

2133 \*Mr. Joyce. The gentlelady yields. The chair now  
2134 recognizes the gentleman from Ohio, Mr. Landsman, for five  
2135 minutes of questioning.

2136 \*Mr. Landsman. Thank you, Mr. Chair, and I am going to  
2137 ask about something totally different. Not fraud.

2138 But I have a constituent and a very close friend who has  
2139 EB, and he and I have been working on a bill that would ask  
2140 for a study so that we can get the data back on ensuring that  
2141 everyone who is -- who has EB -- it is a rare disease that  
2142 affects the skin, and your --

2143 \*Ms. Brandt. I was going to --

2144 \*Mr. Landsman. -- you need to --

2145 \*Ms. Brandt. -- ask what it was because I wasn't  
2146 familiar with it.

2147 \*Mr. Landsman. Yes, I apologize.

2148 \*Ms. Brandt. No problem.

2149 \*Mr. Landsman. It is often times referred to as the

2150 worst disease you never heard of. It is -- or the butterfly  
2151 disease, where the skin just does not work right. I am  
2152 sitting next to a pediatrician, so I have -- pardon my  
2153 language. You know, I -- or my --

2154 \*Ms. Schrier. Epidermolysis Bullosa.

2155 \*Mr. Landsman. Yes -- no, no. Yes, but I --

2156 \*Ms. Schrier. Blisters.

2157 \*Mr. Landsman. But in terms of explaining it, yes, the  
2158 -- it is a rare disease that affects the skin.

2159 In any event, the bandages are incredibly expensive and  
2160 families spend a lot of money. Our bill, which is named  
2161 after him, Shane, would help families pay for that entirely  
2162 because it does -- one, they need it; but, two, it reduces  
2163 infections and hospitalizations, and ultimately saves  
2164 Medicaid money.

2165 So CMS has focused a lot this year on waste, fraud, and  
2166 abuse, especially in the wound care space. CMS even removed  
2167 local coverage determination for skin substitutes to curb  
2168 high spending. We talked a little bit about that ,or you  
2169 have. A patient like Shane requires the use of very  
2170 expensive bandages just to keep him comfortable, and has very  
2171 few alternatives for care. Really, nothing else. Wound care  
2172 alone for an EB patient can be millions of dollars per year,  
2173 making it more difficult for EB patients to get the treatment  
2174 they need.

2175           So our bill, again, would create a two-year pilot  
2176 program at HHS to study the cost of Medicaid, paying for  
2177 wound care to reduce hospitalizations for EB patients.

2178           Just a couple of questions. One, do you know what the  
2179 annual cost of these bandages would be for Medicaid to cover  
2180 an EB patient?

2181           \*Ms. Brandt. Well, first of all, I'm very sorry for  
2182 your friend and the challenges he and his family have. I do  
2183 not know the cost of that, sir, but I would be happy to  
2184 follow up.

2185           \*Mr. Landsman. That would be -- we just -- we want to  
2186 work together on this.

2187           Do you have a sense of what the challenges would be that  
2188 come from providing hospital-level care for a patient that  
2189 has significant wound care needs?

2190           \*Ms. Brandt. We certainly have seen at CMS several  
2191 examples of people who have challenging needs that need  
2192 additional coverage, and that's part of why we always try to  
2193 factor that in when we're making coverage decisions.

2194           \*Mr. Landsman. Would it be cost-saving to provide the  
2195 wound care needs to these patients, rather than pay for the  
2196 hospitalizations due to lack of care?

2197           \*Ms. Brandt. I don't know the exact dollars, so I can't  
2198 speak to it, but again be happy to follow up with our team  
2199 and talk to your staff.

2200           \*Mr. Landsman. And then lastly, would -- what would it  
2201 take for CMS to launch a pilot program to study the impact of  
2202 providing wound care to EB patients and preventing  
2203 hospitalizations? I mean, we have the bill, but I am just  
2204 curious.

2205           \*Ms. Brandt. I think we would be happy to look at what  
2206 that would take, and follow up with your staff to provide any  
2207 input that we could.

2208           \*Mr. Landsman. Okay. Shane -- there are lots of young  
2209 people that have this -- is an incredible human being, one of  
2210 the smartest, bravest people I have ever met in my entire  
2211 life. And he has been an advocate for rare disease work and  
2212 EB his entire life. He has had, like, 150 surgeries. I  
2213 mean, he has been through everything, and he is battling  
2214 cancer probably for the last time. So this would be really  
2215 important to try to get as much traction on this as we can.  
2216 And so we will follow up with your team.

2217           \*Ms. Brandt. I'll make sure my team follows up with  
2218 you. And again, best wishes for you and your friend.

2219           \*Mr. Landsman. Thank you. I yield back.

2220           \*Mr. Joyce. The gentleman yields. Seeing that there  
2221 are no further members wishing to ask questions, I would like  
2222 to thank our witness again for being here today.

2223           I ask unanimous consent to insert in the record the  
2224 documents included on the staff hearing documents list.

2225           Without objection, that is so ordered.

2226           [The information follows:]

2227

2228           \*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

2229

2230           \*Mr. Joyce. Pursuant to committee rules I remind  
2231 members that they have 10 business days to submit additional  
2232 questions for the record, and I ask that the witness submit  
2233 their response within 10 business days upon receipt of the  
2234 questions. Members should submit their questions by close of  
2235 business day on Tuesday, March 31.

2236           Without objection, the subcommittee is adjourned.

2237           [Whereupon, at 4:44 p.m., the subcommittee was  
2238 adjourned.]