

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3483
OFFERED BY MR. BARRETT OF MICHIGAN

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Forcing Real Account-
3 ability for Unlawful Distributions Act of 2025” or the
4 “FRAUD Act of 2025”.

5 SEC. 2. DETECTION OF FRAUD, WASTE, AND ABUSE IN PRO-
6 GRAMS OF THE VETERANS HEALTH ADMINIS-
7 TRATION.

8 (a) IN GENERAL.—Subchapter I of chapter 17 of title
9 38, United States Code, is amended by inserting after sec-
10 tion 1706A the following new section (and amending the
11 table of sections at the beginning of such chapter accord-
12 ingly):

13 “§ 1706B. Management of health care: detection of
14 fraud, waste, and abuse

15 “(a) IN GENERAL.—To detect fraud, waste, and
16 abuse in programs of the Veterans Health Administration,
17 the Secretary shall use processes and systems, including

1 the information technology system described in subsection
2 (b), to—

3 “(1) analyze a claim submitted to the Secretary
4 by a health care entity or provider that furnishes
5 hospital care, medical services, or extended care
6 services under this chapter; and

7 “(2) reanalyze a claim, described in paragraph
8 (1) that the Secretary determines may be fraudu-
9 lent, after paying such claim.

10 “(b) INFORMATION TECHNOLOGY SYSTEM.—The in-
11 formation technology system described in this subsection
12 shall include the following functions:

13 “(1) Continuous monitoring of claims to detect
14 patterns that may indicate fraud, waste, or abuse.

15 “(2) Analysis of historical and real-time claims
16 data to identify and predict potential fraudulent
17 claims.

18 “(3) Ready-made analytic models to identify
19 and analyze fraudulent claims.

20 “(4) Post-payment analysis for overuse of serv-
21 ices or other practices that create unnecessary costs
22 to the Department.

23 “(5) Integration with existing claims processing
24 systems and technologies of the Department.

1 “(6) Logging, storage, analysis, and reports re-
2 garding the nature, frequency, and financial impact
3 of detected fraudulent claims.

4 “(7) Identification of, and machine learning
5 that is based on, patterns of fraudulent claims in
6 order to reduce false positives and predict new forms
7 of fraud.

8 “(8) Updates to detect new models of fraud,
9 waste and abuse.

10 “(9) Any other function determined necessary
11 by the Secretary.

12 “(c) USE OF FRANCHISE FUND.—To carry out this
13 section, the Secretary shall use funds from the Depart-
14 ment of Veterans Affairs franchise fund established under
15 title I of Public Law 104–204 (38 U.S.C. 301 note).

16 “(d) REPORT.—Not later than two years after the
17 date of the enactment of the FRAUD Act of 2025, and
18 annually thereafter for five additional years, the Secretary
19 shall submit to the Committees on Veterans’ Affairs of
20 the Senate and House of Representatives a report regard-
21 ing the operation of the processes and systems under sub-
22 section (a) during the preceding year. Each such report
23 shall include the determination of the Secretary regarding
24 the following elements:

1 “(1) The effectiveness of such processes and
2 systems in detecting fraud, waste, and abuse de-
3 scribed in subsection (a).

4 “(2) The estimated savings to the Department
5 arising from the use of such processes and systems.

6 “(3) Any plans to enhance, modify, or add new
7 capabilities to such processes and systems.”.

8 (b) IMPLEMENTATION DATE.—The Secretary of Vet-
9 erans Affairs shall carry out section 1706B of such title,
10 as added by subsection (a), not later than one year after
11 the date of the enactment of this Act.

12 **SEC. 3. EXTENSION OF CERTAIN LIMITS ON PAYMENT OF**
13 **PENSION.**

14 Section 5503(d)(7) of title 38, United States Code,
15 is amended by striking “November 30, 2031” and insert-
16 ing “January 30, 2034”.

