STATEMENT FOR THE RECORD
MODERN MEDICAID ALLIANCE

Before the
COMMITTEE ON THE BUDGET
UNITED STATES SENATE

Hearing on
"Medicaid: The Reality"
August 4, 2026

Chairman Johnson, Ranking Member Merkley and members of the Committee,

The Modern Medicaid Alliance (MMA) appreciates the opportunity to submit this statement for the record regarding the Committee's hearing, "Medicaid: The Reality."

Medicaid plays a central role in ensuring that more than 73 million Americans can access affordable, dependable healthcare. The program has been a stabilizing foundation for many at their most vulnerable moments – including children, older adults, veterans, working families, people with disabilities and those with complex medical conditions. Medicaid also remains a cornerstone of the healthcare system nationwide and provides funding stability, particularly in rural communities.

The American people broadly support Medicaid as a vital investment in stronger communities and economic security. Strong majorities of Republicans, Democrats and Independents view Medicaid favorably. Recent polling found a decisive majority of voters (80%) have favorable views of the program, and 93% believe it's important to have a strong, sustainable Medicaid program.[1]

Medicaid's existing multilayered program integrity system is essential to maintaining a strong, sustainable healthcare infrastructure. States verify enrollee eligibility and screen providers; managed care organizations conduct utilization and payment reviews; and state and federal agencies audit for program and provider compliance, investigate suspected fraud and recover misspent funds. These efforts are producing results: in fiscal year 2024, state Medicaid Fraud Control Units secured 1,151 convictions and approximately $1.4 billion in recoveries.[2]

Effective oversight, however, requires distinguishing intentional fraud from administrative errors, improper payments and lawful Medicaid financing mechanisms. If fraud prevention is the goal, policies that divert resources away from inspector general offices, audit capacity and state

[1] Modern Medicaid Alliance, "Medicaid Program Integrity: Preventing and Addressing Waste, Fraud and Abuse," June 8, 2026.
[2] HHS Office of Inspector General, *Medicaid Fraud Control Units Annual Report: Fiscal Year 2024*.

integrity staff — and increase administrative burden elsewhere — will undermine the very oversight apparatus that catches wrongdoing.

Provider taxes and Medicaid state directed payments (SDPs) should also be considered accurately. Nearly every state relies on provider taxes – implemented with full legal authority and federal oversight – to fund its Medicaid program. They support providers and fund essential healthcare services covered by Medicaid, including hospitals, long term care facilities, psychiatric care, pregnancy and postpartum services, as well as rural health. A provider tax that complies with federal law is a financing mechanism, not fraud.[3]

Similarly, recent reductions to SDPs threaten another important source of support for providers who care for Medicaid beneficiaries. SDPs have enabled states to strengthen provider networks and improve access to care. Reducing these payments could undermine providers' financial stability. MMA has serious concerns that the changes made to these arrangements – on top of the forthcoming eligibility, coverage and redetermination changes – will harm access to care, not just for those who rely on Medicaid but for all Americans.

Medicaid is at a critical transition point as states prepare to implement more restrictive eligibility rules and further restrictions on critical financing programs. Policymakers should not invoke waste, fraud and abuse to justify additional funding reductions, coverage restrictions or administrative barriers. Instead, they should build on Medicaid's existing infrastructure through better data sharing, modern detection tools and sustained support for state integrity staff, inspectors general and law enforcement. Congress should also direct the Centers for Medicare & Medicaid Services to pause implementation of recent Medicaid eligibility, coverage and financing changes until their effects on access to care can be more thoroughly evaluated. These safeguards would support effective state implementation and help ensure people who remain eligible for Medicaid do not lose coverage.

MMA and its member organizations believe deeply in Medicaid's important role in the lives of American families and in the strength of the nation's broader healthcare system. We remain committed to working with Congress to ensure Medicaid continues to fulfill that role.

The Modern Medicaid Alliance is a partnership between Americans who value Medicaid and more than 150 leading organizations representing patients, healthcare workers, children, older adults, people with disabilities, pregnant and postpartum women and health plans. We work to educate policymakers and the public about Medicaid's value, innovation and accountability.

[3] Medicaid and CHIP Payment and Access Commission, *Medicaid Financing*, August 2025.

Appendix

Modern Medicaid Alliance, *Medicaid Program Integrity: Preventing and Addressing Waste, Fraud and Abuse*, June 2026

Modern Medicaid ALLIANCE

Medicaid Program Integrity: Preventing and Addressing Waste, Fraud and Abuse

Medicaid operates under a dual federal-state regulatory structure that prevents, detects and prosecutes fraud.

However, claims of widespread fraud within the program are now being used to justify policy and regulatory actions that could harm the millions of Americans who rely on Medicaid. The evidence tells a different story: the robust strategies that states and managed care plans use to prevent and detect fraud are limiting the scope of fraud in Medicaid. **While policymakers should explore targeted approaches that can bring further improvements, they must reject proposals that would only hinder fraud-fighting efforts and ensure the program continues to offer access to coverage and essential health care services for the patients and communities who rely on the program**.

Medicaid's multi-layered approach to program integrity

Medicaid program integrity is a continuous, multi-layered system. Federal agencies set standards, audit compliance and provide oversight, while states implement and enforce federal standards and any additional state standards they wish to put in place. Managed care plans and providers carry out day-to-day integrity work. Independent government entities, such as attorneys general, inspectors general and appeals boards, add further accountability. Each layer reinforces the others.

Eligibility & Enrollment: Federal rules require periodic redetermination of every enrollee. States verify citizenship, residency, income and household composition. Since 2009, states have also been required to cross-check enrollment through the federal Public Assistance Reporting Information System (PARIS), which flags people enrolled in more than one state program.

Patient & Provider Screening: States, managed care plans and provider organizations screen and credential every enrolled provider. Managed care organizations, which cover roughly 80% of beneficiaries, operate their own program integrity units, investigate suspected fraud and report findings to states.

Service Verification: Before claims are paid, services are subject to prior authorization, utilization management or diagnostic criteria to flag non-compliant claims.

Payment Review & Audits: Independent recovery audit contractors and post-payment reviews identify overpayments and require providers to return them. Managed care contracts include Medical Loss Ratios (MLR; minimum spending requirements), and states have the authority to issue financial penalties and terminate non-compliant plans.

Investigation & Enforcement: Every state operates a Medicaid Fraud Control Unit that investigates and prosecutes fraud and works closely with federal partners. State attorneys general, the Department of Health and Human Services (HHS) Office of Inspector General, state inspectors general and fraud hotlines layer additional enforcement.

Oversight: The CMS Medicaid Integrity Program reports annually to Congress and reviews state program integrity. The Medicaid Integrity Institute trains state program integrity staff.

Modern Medicaid ALLIANCE

Medicaid's program integrity initiatives are working

There were 1,151 convictions and $1.4 billion in recoveries by state Medicaid Fraud Control Units in FY 2024.

Medicaid's 6.6% spending growth in 2024 was lower than Medicare (7.8%).

There were 300+ state-level convictions and $80 million in judgments and restitution reported by a single state attorney general's office in recent years.

The HHS Office of Inspector General found that beneficiary fraud was negligible in 2023.

States are modernizing program integrity tools, shifting from reactive claims review to proactive, data-driven fraud detection and prevention.

Further funding reductions would undermine Medicaid program integrity, not strengthen it

If fraud prevention is the goal, policies that divert resources away from inspector general offices, audit capacity and state integrity staff — and increase administrative burden elsewhere — will undermine the very oversight apparatus that catches wrongdoing.

Policymakers should not invoke waste, fraud and abuse as justification for additional funding reductions, coverage restrictions or administrative barriers in Medicaid. The policy changes and funding reductions advanced by the One Big Beautiful Bill Act (OBBBA) are already negatively impacting vulnerable populations who rely on Medicaid as well as jeopardizing state and community health care systems. Additional cuts justified by claims of rampant waste, fraud and abuse must be opposed.

Related Resources:

- ✓ **National Association of Medicaid Directors:** State and Territory Medicaid Programs Share the Federal Government's Interest and Urgency around Medicaid Program Integrity
- ✓ **Health Affairs:** Unfounded Fraud Allegations Threaten Vital Medicaid Home And Community-Based Services
- ✓ **KFF:** 5 Key Facts About Medicaid Program Integrity
- ✓ **National Association of Medicaid Directors & Advancing States:** Medicaid HCBS: Support at Home, Life in Community
- ✓ **ANCOR:** Admin Rhetoric On HCBS Services Deeply Concerning