

INSIGHTS

House Energy and
Commerce Oversight
and Investigations
Subcommittee Hearing
on Medicare and
Medicaid Fraud

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On February 3, 2026, the House Energy and Commerce Oversight Subcommittee [held](#) a hearing to examine fraud in the Medicare and Medicaid systems. There was strong bipartisan agreement that fraudulent actions need to be addressed, however, Republicans and Democrats shared different views on best practices for preventing and investigating potentially fraudulent activity.

OPENING STATEMENTS

- [Subcommittee Chairman John Joyce \(R-PA-13\)](#)
- [Subcommittee Ranking Member Yvette Clarke \(D-NY-9\)](#)
- [Full Committee Chairman Brett Guthrie \(R-KY-2\)](#)
- [Full Committee Ranking Member Frank Pallone \(D-NJ-6\)](#)

WITNESS TESTIMONY

- Jessica Gay, CPC, AHFI, CFE, Vice President and Co-Founder, Integrity Advantage – [Testimony](#)
- Kaye Lynn Wootton, JD, President, National Association of State Medicaid Fraud Control Units – [Testimony](#)
- Stephan W. Nuckolls, Chief Executive Officer, Coastal Carolina Health Care, PA and Treasurer and former Board Chair, National Association of Accountable Care Organizations (NAACOs) – [Testimony](#)
- Jessica Tillipman, JD, Government Contracts Advisory Council Distinguished Professorial Lecturer in Government Contracts Law, Practice and Policy, George Washington University Law School – [Testimony](#)

MEMBER DISCUSSION

How Fraud Occurs

Rep. Russ Fulcher (R-ID-1) questioned if some states are targeted due to lower barriers of entry for fraudulent programs. Ms. Gay shared that in her experience, there are common states where fraud

begins but will often spread to other states. Ms. Wootton shared that fraud schemes are evolving by crossing state lines, which used to be more uncommon, and the increased use of electronic health records make it easier to forge documentation.

Rep. Dianna DeGette (D-CO-1) asked for clarity on whether fraud is more commonly carried out by providers or beneficiaries. Ms. Wootton responded that far more providers commit fraud.

Rep. Paul Tonko (D-NY-20) asked if there is a difference between improper payments and fraud. Ms. Tillipman shared that often, improper payments are not fraud and that 77% are administrative errors. Rep. Tonko questioned if there were harms in labeling all improper payments as fraud to which Ms. Tillipman responded that it can make fraud investigations more difficult as well as diminish taxpayer faith in government.

Rep. Dan Crenshaw (R-TX-12) was curious if there were specific reasons why Medicare and Medicaid programs seem to be much more vulnerable to fraud than private programs. Ms. Gay shared that the national scope of Medicare and Medicaid make it much more appealing to target and the lack of an Explanation of Benefits provided to beneficiaries makes it easier to create fraudulent bills.

Rep. Diana Harshbarger (R-TN-1) questioned if expanded telehealth services could aid in fraud. Ms. Gay responded that reduced barriers to care and the ability for providers to cross state lines make it easier for fraudulent activity.

Fraud Investigations

Rep. Fulcher asked Ms. Wootton if fraud investigations were different for foreign actors than citizens, which Ms. Wootton denied.

Rep. Gary Palmer (R-AL-6) questioned if state auditors should have greater access to data to best investigate fraud allegations. Ms. Wootton shared that investigators need to see as much data as possible to produce a complete investigation, however, she is often limited to Medicare and Medicaid data and would like to find a way to also be able to access 3rd party and private payer data.

Rep. Troy Balderson (R-OH-12) wondered how long the average investigation lasts, which Ms. Gay shared was about a year, due to needing time to collect data to build the case as well as give an appeal time frame. The investigation is then shared with law enforcement. Rep. Balderson asked Ms. Wootton if investigators can recover fraudulent payments. Ms. Wootton responded that the payments are often either already spent or hard to track, which makes them difficult to recover. Rep. Balderson was interested in the impact of AI on fraud schemes and investigations, so Ms. Wootton shared that fraud control units are receiving training on how to identify AI modified data.

Rep. Kevin Mullin (D-CA-15) shared concerns about collaborating across government sectors and asked if investigations had better outcomes when local, state, and federal agencies were all involved. Ms.

Wootton shared that, in her experience, states do not have the ability to cross borders which makes federal collaboration vital. Rep. Mullin asked if completely freezing government funding to suspected fraudulent programs is helpful to the investigation. Ms. Tellipman answered that blanket freezing does not improve the investigation and will harm individuals receiving proper services.

Impact of Fraud

Rep. Rick Allen (R-GA-12) requested that Mr. Nuckoll expand on the impact of fraud on the ability for Accountable Care Organizations (ACOs) to provide care to seniors. Mr. Nuckolls explained that ACOs share costs with the federal government and when spending for the plan is greater than the budget, the ACO must repay Medicare the difference. With increased fraud claims, ACOs often need to repay Medicare more which will force ACOs to leave the care space if they cannot afford the increased costs. Rep. Allen followed up by asking what the impact will be for beneficiaries, which Ms. Wootton responded that many will not be able to receive services without jumping through hoops.

Rep. Crenshaw asked Ms. Gay to elaborate on the impact to beneficiaries when fraud is not controlled. Ms. Gay shared that in her experience, it increases the chance that beneficiaries do not receive the care that they need, either through complete denial or subpar treatment. Another experience that Ms. Gay has seen is documentation of conditions in a beneficiaries' chart without a proper diagnosis, which can impact access to care further down the road.

Ranking Member Pallone questioned if there was risk to programs and program participants when fraud is overstated or action taken preemptively. Ms. Tillipman explained that if fraud is overstated, it can make it more difficult to direct limited resources to the proper investigations which can make it more difficult to address true fraudulent activity.

Rep. Buddy Carter (R-GA-1) asked if artificially reducing payment rates for common fraudulent services, such as skin substitutes, would impact access to care for patients. Mr. Nuckolls responded that yes, patients will not receive skin substitutes as providers will not be able to afford the cost without proper reimbursement.

Preventing Fraud

Rep. Kim Schrier (D-WA-8) asked if proper enforcement is a strong deterrent for potential fraud schemes, with which Ms. Tillipman agreed.

Reps. Schrier and Lizzie Fletcher (D-TX-7) wanted recommendations for fraud prevention. Ms. Tillipman suggested the Committee look to the currently unimplemented recommendations from the Government Accountability Office and the Inspector General.

Rep. DeGette shared her concerns that the Department of Health and Human Services (HHS) has reduced their number of Inspector Generals by 18, or 10%. Rep. DeGette asked Ms. Wootton if this would have an

impact on fraud prevention and investigation. Ms. Wootton responded that HHS is most effective when completely staffed.

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