

# Medicare, Medicaid Fraud Targeted as Focus for New GOP Megabill

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- Republicans want to tackle Medicare and Medicaid fraud in a tax-and-spending bill to pay for other priorities.
- A new package would allow Republicans to cut back on social services programs like Medicaid, which they say are rife with fraud, while Democrats argue the focus on fraud is an excuse to cut health care services.
- Republicans are considering using anti-fraud policies to help pay for a defense supplemental and other priorities, with Speaker Mike Johnson saying fraud is an important issue that could involve "hundreds of billions of dollars".

Republicans want to tackle what they say is widespread Medicare and Medicaid fraud in another partisan tax-and-spending bill, using it as a way to pay for other priorities.

This comes as Republicans are eyeing a second party-line package to pay for the war against Iran, which **could cost upwards of \$200 billion**, and to carry funding for Immigration and Customs Enforcement.

"There is a host of mandatory spending programs and means-tested welfare programs and other entitlements that are leaking money like a sieve to fraudsters, and so that's savings we can put against a defense supplemental," said Rep. [Jodey Arrington](#) (R-Texas), chair of the Budget Committee, telling Bloomberg Government last week that policies addressing Medicare and Medicaid fraud will be central to a potential second tax-and-spending bill.

A new package like the one Arrington described would allow Republicans to press on their message that social services programs like Medicaid are rife with fraud, letting them cut back on some of the biggest programs in the government's budget. Democrats argue the focus on fraud is an excuse to cut health care services.

Speaker **Mike Johnson** (R-La.) said “everything’s on the table right now” but added that fraud is an important issue. When asked if anti-fraud policies could help pay for other priorities, he said, “Possibly, I think it’s a lot of money. I mean you’re talking about potentially hundreds of billions of dollars in fraud. We’re just now getting to the tip of the iceberg in some of these blue states.”

A second tax-and-spending bill would still have a challenging math problem in the Senate, said Majority Leader **John Thune** (R-S.D.). Republicans only need a simple majority in the Senate to pass such a bill, but the party would need to keep the caucus largely unified to get it over the finish line.

Leading into the midterms, this may be a heavy lift as some vulnerable Republicans are already defending against attacks around the first tax-and-spending bill that President **Donald Trump** signed into law last year. That measure contains policies decreasing Medicaid spending.

“I’d love to do something on waste, fraud and abuse,” Thune said. “There’s some other issues that reconciliation would probably be the best legislative vehicle to achieve.”

### Focused on Fraud

The tax-and-spending law that Republicans passed last year is already expected to reduce Medicaid spending by **\$990 billion over 10 years**, according to analysis by Georgetown University.

But House Republicans are hoping to go further—holding **hearings zeroing in on potential fraud in Medicare and Medicaid**. Such hearings are **complementing efforts by the White House** to target states where they said fraud has been suspected.

Republicans have highlighted inappropriate billing for durable medical equipment, hospice, and genetic testing in Medicare, while certain therapy services for kids with autism, personal care services, and non-emergency medical transport are concerns for Medicaid.

Rep. **Brett Guthrie** (R-Ky.), who chairs the Energy and Commerce Committee, told reporters that Johnson has wanted to use reconciliation to address “any fraud.” Guthrie said it could go beyond just Medicare and Medicaid, pointing to policies that were dropped from the last reconciliation agreement, including **funding cost-sharing reductions**.

“The question is, are they going to be able to kick off the reconciliation process?” Guthrie asked.

Rep. **Buddy Carter** (R-Ga.), who previously chaired the Energy and Commerce Health Subcommittee, said Medicare and Medicaid fraud “should be” central to a second reconciliation package. Carter introduced a bill last year aimed at lowering the cost of skin substitutes, which are used to support wound care using tissue or other materials. The bill also targeted inappropriate prescribing for these treatments.

The Georgia lawmaker said the legislation would help strike a balance, adding he was concerned recent Centers for Medicare & Medicaid Services actions may have gone too far. **CMS changed Medicare payment for skin substitutes** to reduce spending on these products by 90%.

“They needed to adjust the payment on skin substitute, no question about that,” Carter said. “But my concern is they’ve swung it too far, and now we’re going to see more amputations as a result of these companies going out of business and people not being able to get the help they need.”

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