

United States Senate

WASHINGTON, DC 20510

May 7, 2025

The Honorable John Thune
Majority Leader
United States Senator
Washington, D.C. 20510

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, D.C. 20510

Dear Leader Thune and Speaker Johnson,

As Congress considers reconciliation legislation, we urge you to reject cuts to Medicaid, which are deeply unpopular and will rip away health care from millions of Americans.¹

Where there *is* widespread agreement is the need to address waste, fraud, and abuse by private, for-profit insurance companies. We write to urge you to crack down on the growing threat to the Medicare program known as “upcoding.” This practice by private, for-profit insurance companies leads to wasteful spending in Medicare, picking the pockets of seniors and taxpayers while adding tens of billions in costs to the federal government.²

Recently, the *Wall Street Journal* conducted a yearlong investigation into upcoding – the practice by which private insurers in Medicare Advantage (MA) exaggerate the medical diagnoses of their enrollees to secure higher payments from the federal government – and found that, “...many diagnoses were added for which patients received no treatment, or that contradicted their doctors’ views.”³ This reporting is supported by analysis from the non-partisan Medicare Payment Advisory Committee (MedPAC), which found that the Centers for Medicare and Medicaid Services (CMS) overpaid MA insurers by \$83 billion relative to Traditional Medicare in 2024 alone.⁴ Upcoding is responsible for nearly half of these overpayments and is expected to increase Medicare payments to private health insurance companies by an estimated 10 percent, or \$40 billion, in 2025.⁵ In total, overpayments to private insurers in MA – a taxpayer-funded program – will cost \$1.2 trillion from 2025 to 2034.⁶

¹ Center for Budget and Policy Priorities, “Congressional Republicans Can’t Cut Medicaid by Hundreds of Billions Without Hurting People,” Allison Orris and Elizabeth Zhang, March 17, 2025, <https://www.cbpp.org/research/health/congressional-republicans-cant-cut-medicare-by-hundreds-of-billions-without-hurting>.

² STAT News, “Upcoding: one reason Medicare Advantage companies pay clinicians to make home health checkups,” Robert M. Kaplan and Paul Tang, January 19, 2023, <https://www.statnews.com/2023/01/19/rein-inupcoding-medicare-advantage-companies/>.

³ The Wall Street Journal, “Insurers Pocketed \$50 Billion From Medicare for Diseases No Doctor Treated,” Christopher Weaver, Tom McGinty, Anna Wilde Mathews, and Mark Maremont, July 8, 2024, <https://www.wsj.com/health/healthcare/medicare-health-insurance-diagnosis-payments-b4d99a5d>.

⁴ MedPAC, “Chapter 12: The Medicare Advantage program: Status report,” March 2024, p.358, https://www.medpac.gov/wp-content/uploads/2024/03/Mar24_Ch12_MedPAC_Report_To_Congress_SEC.pdf.

⁵ MedPAC, “Chapter 11: The Medicare Advantage program: Status report,” March 2025, p.336, https://www.medpac.gov/wp-content/uploads/2025/03/Mar25_Ch11_MedPAC_Report_To_Congress_SEC.pdf

⁶ Committee for a Responsible Federal Budget, “Medicare Advantage Will Be Overpaid by \$1.2 Trillion,” March 26, 2025, <https://www.crfb.org/blogs/medicare-advantage-will-be-overpaid-12-trillion>.

In response to questions about overpayments from Senate Finance Committee Democrats and Republicans during his confirmation hearing on March 14, 2025, Administrator Oz agreed that tackling fraud, waste, and abuse by private insurers in MA would be a “more rational” way to lower federal health care spending than slashing Medicaid.⁷ At the same hearing, when Senator Warren provided an example of upcoding, as reported by the *Wall Street Journal*, Administrator Oz confirmed the behavior was Medicare fraud: “The answer is yes.”⁸

Administrator Oz even noted that tackling this fraud “is relatively enjoyable to go after, because ... we have bipartisan support.”⁹ Indeed, Senator Grassley has launched an inquiry into UnitedHealth’s billing practices in MA,¹⁰ and Senator Cassidy supports the *No UPCode Act*, which would ban some of the most aggressive forms of upcoding by private insurers in the program.¹¹

The *Wall Street Journal*, MedPAC, Administrator Oz, and Congressional Republicans all seem to agree: wasteful spending in MA, driven by abusive upcoding practices, are a “more rational”¹² route to securing health care savings that will benefit the Medicare program and taxpayers. Your directive to cut federal health care spending should come from reducing waste, fraud, and abuse like upcoding by for-profit insurance companies, not by cutting health care benefits for American families who rely on Medicaid to make ends meet.

For this reason, we were alarmed to see that, despite widespread evidence of upcoding in MA,¹³ CMS wrongly omitted the coding trend from the MA Rate Announcement for 2026.¹⁴ This intentionally obscures the most shocking of abuses by for-profit insurance companies: the very upcoding driving overpayments to insurers at taxpayers’ expense. At the same time as the Administration and Republicans in Congress push deep cuts to Medicaid, this is yet another gift to companies cutting corners and wasting taxpayer dollars.

In April, Congressional Republicans passed a budget resolution to extend President Trump’s tax giveaways to giant corporations and the ultra-wealthy.¹⁵ To pay for these tax cuts, the budget

⁷ U.S. Senator Elizabeth Warren, “Dr. Oz Agrees with Sen. Warren: Cracking Down on Private Health Insurers in Medicare Advantage Will ‘Improve the Health Care of the American People,’” press release, March 14, 2025, <https://www.warren.senate.gov/newsroom/press-releases/dr-oz-agrees-with-sen-warren-cracking-down-on-private-health-insurers-in-medicare-advantage-will-improve-the-health-care-of-the-american-people>.

⁸ *Id.*

⁹ *Id.*

¹⁰ U.S. Senator Chuck Grassley, Letter to UnitedHealth Group CEO Andrew Witty, February 2, 2025, <https://www.grassley.senate.gov/news/news-releases/grassley-pushes-for-answers-on-unitedhealth-groups-medicareadvantage-billing-practices>.

¹¹ U.S. Senator Bill Cassidy, “Cassidy, Merkley introduce bill to stop overpayments in the Medicare Advantage program,” press release, March 25, 2025, <https://www.cassidy.senate.gov/newsroom/press-releases/cassidy-merkley-introduce-bill-to-stop-overpayments-in-the-medicare-advantage-program/>.

¹² U.S. Senator Elizabeth Warren, “Dr. Oz Agrees with Sen. Warren: Cracking Down on Private Health Insurers in Medicare Advantage Will ‘Improve the Health Care of the American People,’” press release, March 14, 2025, <https://www.warren.senate.gov/newsroom/press-releases/dr-oz-agrees-with-sen-warren-cracking-down-on-privatehealth-insurers-in-medicare-advantage-will-improve-the-health-care-of-the-american-people>.

¹³ KFF, “Medicare Advantage Insurers Report Much Higher Gross Margins Per Enrollee Than Insurers in Other Markets,” Craig Palosky, February 28, 2023, <https://www.kff.org/medicare/press-release/medicare-advantageinsurers-report-much-higher-gross-margins-per-enrollee-than-insurers-in-other-markets/>; Committee for a Responsible Federal Budget, “Medicare Advantage Will Be Overpaid by \$1.2 Trillion,” March 26, 2025, <https://www.crfb.org/blogs/medicare-advantage-will-be-overpaid-12-trillion>.

¹⁴ Centers for Medicare & Medicaid Services, “Announcement of Calendar Year (CY) 2026 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies,” April 7, 2025, <https://www.cms.gov/files/document/2026-announcement.pdf>.

¹⁵ New York Times, “House Passes G.O.P. Budget After Conservative Revolt Collapses,” Catie Edmondson, April 10, 2025, <https://www.nytimes.com/2025/04/10/us/politics/house-budget-vote-trump-republicans.html>.

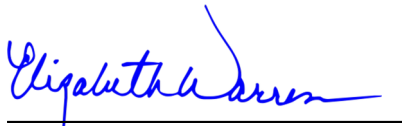
resolution directs the U.S. House Energy and Commerce Committee to cut federal health care spending by \$880 billion or more over the next decade.¹⁶ According to the Congressional Budget Office, Republicans will not be able to meet that total without slashing hundreds of billions from Medicaid and the Children’s Health Insurance Program (CHIP)¹⁷ – which will put health and livelihoods at risk for the nearly 80 million Americans, including 37 million children, eight million people with disabilities, and seven million seniors covered by these programs.¹⁸

If there is no course correction that protects Medicaid, tens of millions of Americans will be kicked off their health care.¹⁹ According to Bruce Scott, President of the American Medical Association (AMA), the AMA has “serious concerns about the degree of cuts being talked about. It’s so much better to get people care when they need it.”²⁰ Moving forward with this dangerous plan to rip health care away from low- and middle-income Americans would be a man-made disaster for the health of the nation and the economy. We urge you instead to listen to Administrator Oz and tackle real fraud, waste, and abuse by private, for-profit health insurers in MA.

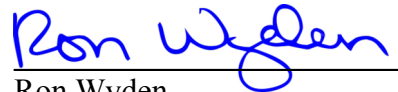
Our position remains that any tax legislation should prioritize lifting up working families and generating greater tax fairness rather than giving tax breaks to the wealthiest few. We remain opposed to Republicans’ efforts to cut Americans’ health care, and support addressing genuine waste, fraud, and abuse – including by reining in upcoding – in Medicare Advantage.

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Ron Wyden
United States Senator
Ranking Member, Committee
on Finance

¹⁶ KFF, “The Math is Conclusive: Major Medicaid Cuts Are the Only Way to Meet House Budget Resolution Requirements,” Alice Burns, March 7, 2025, <https://www.kff.org/quick-take/the-math-is-conclusive-major-medicaid-cuts-are-the-only-way-to-meet-house-budget-resolution-requirements/>.

¹⁷ *Id*; Congressional Budget Office, Letter to Reps. Brendan F. Boyle and Frank Pallone, Jr., March 5, 2025, <https://www.cbo.gov/system/files/2025-03/61235-Boyle-Pallone.pdf>.

¹⁸ Families USA, “Organizations Unite In The Hundreds To Urge Senate Majority Leader To Reject Proposal To Take Health Care Away From Millions Of Americans,” press release, March 26, 2025, <https://www.familiesusa.org/press-releases/organizations-unite-in-the-hundreds-to-urge-senate-majority-leader-to-reject-proposal-to-take-health-care-away-from-millions-of-americans/>.

¹⁹ Center for Budget and Policy Priorities, “Congressional Republicans Can’t Cut Medicaid by Hundreds of Billions Without Hurting People,” Allison Orris and Elizabeth Zhang, March 17, 2025, <https://www.cbpp.org/research/health/congressional-republicans-cant-cut-medicaid-by-hundreds-of-billions-without-hurting>.

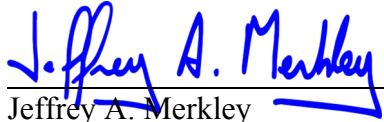
²⁰ Politico, “AMA has ‘deep concerns’ about potential Medicaid cuts”, April 2, 2025. Accessed on April 2, 2025 <https://subscriber.politicopro.com/article/2025/04/ama-has-deep-concerns-about-potential-medicaid-cuts-00265918?site=pro&prod=alert&prodname=alertmail&linktype=headline&source=email>.



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