

Facing Medicaid Fraud Allegations, California Changes the Subject, Corruption is Rampant and Growing



“Medicaid’s long-term sustainability depends on accountability,” says health expert Sally Pipes. “Changing the subject won’t fix the problem.

Dr. Mehmet Oz has been raising a stir over what he claims is [Rampant Medicaid Fraud](#) and [Corruption](#).

The administrator of the Centers for Medicare and [Medicaid](#) Services alleges that California has spent an [estimated \\$1.3 billion](#) in federal funds providing coverage to undocumented immigrants through the program. That would violate federal law.

For his part, California Gov. Gavin Newsom claims that he’s made fighting fraud a priority. On the official X account for his press office, Newsom’s team regularly [claims](#) to have blocked \$125 billion in fraud over the course of his term in office.

The California governor has responded to Oz’s allegations by filing [a civil rights complaint](#) accusing the CMS administrator of illegally discriminating against Armenian Americans by appearing to link the community to healthcare fraud.

1 All this political gamesmanship obscures the very real problem of Medicaid fraud,
2 which costs taxpayers billions of dollars every year. And there's plenty of evidence
3 to suggest that California is at the center of that impropriety.

4 According to research from the Paragon Health Institute, improper Medicaid
5 payments totaled more than [\\$1 trillion](#) over the past decade. That figure includes
6 outright fraud, improper billing, and payments that did not comply with federal rules.

7 Minnesota stands out as a case in point. Federal prosecutors allege that at least [half](#)
8 [of the \\$18 billion](#) in federal Medicaid funds that went to 14 different Minnesota
9 programs since 2018 were stolen. In some cases, companies were set up solely to
10 secure federal Medicaid payments without providing any services.

11 “What we see in Minnesota is not a handful of bad actors committing crimes,” First
12 Assistant U.S. Attorney Joe Thompson said in December. “It’s staggering, industrial-
13 scale fraud.”

14 Last month, Minnesota’s attorney general charged one man with bilking [\\$3](#)
15 [million](#) out of Medicaid through fraudulent billing.

16 Minnesota Gov. Tim Walz concedes that Medicaid fraud is a problem but calls the
17 figures offered up by the U.S. Attorney’s Office “sensationalism.”

18 The full extent of Medicaid fraud in California has yet to come to light. But it’s clear
19 that the state has misused huge sums of federal Medicaid dollars.

20 Research from the [Foundation on Government Accountability](#) has documented how
21 states, including California, have claimed billions in federal Medicaid funding under
22 a portion of the program intended to reimburse hospitals for delivering life-saving
23 care to people in the country illegally.

24 The FGA’s analysis found that California funneled hundreds of millions in federal
25 “emergency” Medicaid funding to managed care companies that provide Medicaid
26 benefits to undocumented immigrants. In 2024 alone, California claimed more than
27 \$4.5 billion in emergency Medicaid spending.

1 Nationwide, states claimed an estimated [\\$6.15 billion](#) in federal emergency Medicaid
2 funds dollars for people in the country illegally. That's up from just over \$2 billion
3 in 2020.

4 That rapid growth suggests not a sudden increase in emergency care for
5 undocumented immigrants but an aggressive twisting of federal rules.

6 Medicaid was conceived as a safety-net program for our nation's neediest citizens. It
7 has since grown into the single biggest provider of health insurance in the country—
8 [covering 1 in 5 Americans](#) and [nearly 40% of Californians](#).

9 That astounding growth has come at enormous cost. Medicaid spending
10 eclipsed [\\$931 billion in 2024](#). The program accounts for one of every six dollars spent
11 on health care in this country.

12 Fraud and misuse don't just waste taxpayer money. They undermine the program's
13 integrity and divert resources away from the patients Medicaid was intended to serve.

14 Investigating potential misuse of [Medicaid](#) funds is not an act of discrimination or
15 political vendetta. It is a basic responsibility to taxpayers and beneficiaries alike.
16 Reclaiming misspent funds and enforcing existing law would help stabilize Medicaid
17 for those who truly depend on it.

18 Medicaid's long-term sustainability depends on accountability. Changing the subject
19 won't fix the problem.

20 *Note: This piece was updated on February 10, 2026, to include public comments from*
21 *Gov. Gavin Newsom and Gov. Tim Walz.*