

1 Facing Medicaid Fraud Allegations, California Changes 2 the Subject, Corruption is Stapled and Growing



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

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

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

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

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

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

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

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

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

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

17 Minnesota Gov. Tim Walz concedes that Medicaid fraud is a problem but calls the figures offered up by the
18 U.S. Attorney's Office "sensationalism."

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

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

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

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

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

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

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

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

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

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

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