

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard,  
Baltimore, Maryland 21244-1850



## OFFICE OF THE ADMINISTRATOR

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November 25, 2025

Dear Governor,

As both a physician and a public servant, I have seen how fraud in our health care system undermines trust, diverts critical resources, and harms patients and taxpayers alike. Fraud is not only a financial offense — it is a moral one. Stopping it requires teamwork, creativity, and collaboration across every level of government.

Our experience shows that health care providers and suppliers who bill fraudulent insurance claims often fail to report the associated income on their tax returns. This creates a dual-layered crime—one that drains both federal healthcare programs and state tax systems.

That is why I am reaching out to invite your partnership in a joint effort between the Centers for Medicare & Medicaid Services (CMS) and state tax authorities to identify and take action against providers and suppliers who commit both health care and tax fraud. **In short, we want to provide information that will help you get the tax revenue to which your state is entitled.**

We also believe that some of the data your state has will help us take action to protect our federal health programs. Working together, we can use the tools available to each of us to hold these bad actors accountable.

### **The Opportunity**

Pursuing tax fraud cases provides state authorities with a faster, more direct path to enforcement than traditional health care fraud prosecutions. In many instances, criminal tax fraud convictions allow CMS to swiftly revoke billing privileges, cutting off fraudulent billing activity and preventing future losses.

This approach creates a powerful, mutually reinforcing system — state-level tax enforcement that protects federal healthcare programs, and vice versa.

### **The Expected Outcome**

Building on prior collaborative success between CMS' Center for Program Integrity (CPI) and state partners, this initiative is expected to strengthen state–federal enforcement against fraudulent Medicare providers and suppliers. In previous partnerships, this approach led to the **identification and prosecution of 12 Medicare providers and suppliers** who had received fraudulent payments but failed to report the income. More recently, participating states reviewed **300 suspect Medicare providers and suppliers** and found **32 with unreported earnings exceeding \$2 million each**, underscoring the effectiveness of coordinated data sharing and investigative efforts.

Through continued collaboration, the anticipated outcomes include:

- **Identification and prosecution** of a significant number of fraudulent Medicare providers and suppliers for state tax evasion.
- **Rapid administrative action** by CMS to revoke billing privileges following state convictions.
- **Enhanced protection of taxpayer funds and public trust** through an integrated state–federal enforcement strategy that leverages tax data, investigative insights, and Medicare oversight.

### How States Can Participate

1. **Designate a Point of Contact:** CMS will compile a list of providers in the state that have submitted claims exhibiting patterns indicative of potential Medicare fraud. The state will identify a primary point of contact to coordinate with CPI on the secure and appropriate delivery of the provider list.
2. **Initiate Case Development:** The state will identify priority targets and initiate case development. CMS will provide relevant claims and financial data to support the state’s investigative efforts.
3. **Establish Information-Sharing Procedures:** CMS and the state will agree on a process for ongoing communication, follow-up, and data sharing throughout the process.

### Shared Commitment to Crush Fraud

I believe that the most effective way to crush fraud is through partnership — federal and state authorities working side by side, sharing information, and using every available tool. This model not only stops fraudulent actors faster but also strengthens public confidence in the programs we administer.

I invite your team to partner with CMS in this effort. Together, we can close enforcement gaps, protect state and federal resources, and ensure that taxpayer dollars go where they are intended—to patient care, not criminal gain.

Thank you for your commitment to integrity and accountability. My team and I stand ready to work with you to implement this important initiative.

Sincerely,

A handwritten signature in black ink, appearing to read 'DR Oz', with a stylized flourish extending from the 'z'.

Dr. Mehmet Oz  
Administrator,  
Centers for Medicare & Medicaid Services