

Administration of Donald J. Trump, 2025

Memorandum on Eliminating Waste, Fraud, and Abuse in Medicaid

June 6, 2025

Memorandum for the Secretary of Health and Human Services and the Administrators of the Centers for Medicare and Medicaid Services

Subject: Eliminating Waste, Fraud, and Abuse in Medicaid

My Administration has been relentlessly committed to rooting out waste, fraud, and abuse in Government programs to preserve and protect them for those who rely most on them.

The Medicaid program was designed to be a program to compassionately provide taxpayer dollars to healthcare providers who offer care to the most vulnerable Americans. To keep payments reasonable, billable costs for such care were historically capped at the same level that healthcare providers could receive from Medicare. The State and Federal Governments jointly shared this cost burden to ensure those of lesser means did not go untreated.

Under the Biden Administration, States and healthcare providers were permitted to game the system. For example, States "taxed" healthcare providers, but sent the same money back to them in the form of a "Medicaid payment," which automatically unlocked for healthcare providers an additional "burden-sharing" payment from the Federal Government. Through this gimmick, the State could avoid contributing money toward Medicaid services, meaning the State no longer had a reason to be prudent in the amount of reimbursement provided. Instead of paying Medicare rates, many States that utilize these arrangements now pay the same healthcare providers almost three times the Medicare amount, a practice encouraged by the Biden Administration.

These State Directed Payments have rapidly accelerated, quadrupling in magnitude over the last 4 years and reaching \$110 billion in 2024 alone. This trajectory threatens the Federal Treasury and Medicaid's long-term stability, and the imbalance between Medicaid and Medicare patients threatens to jeopardize access to care for our seniors.

I pledged to protect and improve these important Government healthcare programs for those that rely on them. Seniors on Medicare and Medicaid recipients both deserve access to quality care in a system free from the fraud, waste, and abuse, that enriches the unscrupulous and jeopardizes the programs themselves. We will take action to continue to love and cherish the Medicare and Medicaid programs to ensure they are preserved for those who need them most.

The Secretary of Health and Human Services shall therefore take appropriate action to eliminate waste, fraud, and abuse in Medicaid, including by ensuring Medicaid payments rates are not higher than Medicare, to the extent permitted by applicable law.

This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

DONALD J. TRUMP

NOTE: An original was not available for verification of the content of this memorandum.

Categories: Communications to Federal Agencies : Medicaid, efforts to eliminate waste, fraud, and abuse, memorandum.

Names: Biden, Joseph R., Jr.

Subjects: Government accountability and transparency, strengthening efforts; Medicare and Medicaid programs; Secretary of Health and Human Services.

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