

Congress of the United States
House of Representatives
Washington, DC 20515

November 5, 2025

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Administrator Oz:

We commend the Centers for Medicare & Medicaid Services' (CMS') commitment to reducing fraud, waste and abuse (FWA) in the Medicare program.¹ These actions will not only protect Medicare beneficiaries who need legitimate care but also American taxpayers who support the Medicare Trust Fund. FWA has long impacted Accountable Care Organizations (ACOs), and recent spikes in fraudulent skin substitute billings represent the latest threat to financial stability for value-based care programs. We ask CMS to take swift action to mitigate ACOs' negative financial liability when FWA occurs.

ACOs reduce fragmented care, enhance care coordination, improve health outcomes and promote cost-effective care interventions for Medicare beneficiaries. In 2023 alone, the Medicare ACO programs yielded more than \$2.4 billion in savings,² underscoring the value to taxpayers and patients. As our health system moves from volume-based to value-based care, ACOs offer a mechanism to incent providers to shift to outcomes-based payments.

Structurally, ACOs promote providers to have a stake in patient outcomes by holding total spending to a benchmark amount. This rewards providers when they spend less while providing high-quality care and penalizes spending above a benchmark. This structure also leaves ACOs particularly vulnerable to instances of fraudulent billings from non-ACO providers due to an ACO being accountable for a patient's total spending.

Last year, CMS mitigated the effects of fraudulent billing by excluding certain catheter billing codes from ACO calculations due to significant, anomalous, and highly suspect (SAHS) activity,³ but this methodology fails to account for instances of improper payments or abuse, as well as

¹ See CMS, "Crushing Fraud, Waste, & Abuse," available at <https://www.cms.gov/fraud>.

² CMS, "Medicare Shared Savings Program Accountable Care Organizations Updated Performance Year 2024 Financial and Quality Results" (Sept. 29, 2025), available at <https://www.cms.gov/files/document/fact-sheet-ssp-py24-financial-quality-results.pdf>.

future instances of FWA. We recognize CMS' admirable efforts to target fraudulent Medicare activity and reexamine their methodology for fraudulent billings. Without a mechanism to account for FWA or improper payments in ACO financial calculations, ACOs are left on the hook to be unfairly burdened by millions of dollars of fraudulent Medicare claims.

Recent examples show catheter claims were primarily billed by a small handful of fraudulent companies, and most of these claims lacked provider visits, beneficiary receipt or proper authorizations.⁴ Other instances of fraud in skin substitutes show beneficiaries receiving up to \$10 million in skin substitutes totaling more than 7,000 square centimeters over a span of just a few months.⁵

Unchecked Medicare fraud imposes undue financial penalties on ACOs, which assume downside risk for costs beyond their control. Additionally, for ACOs, fraudulent claims distort expenditure calculations, erode shared savings and deter participation in risk-bearing models, which can also hinder patient care investments, create beneficiary anxiety and discourage providers from participating in value-based demonstration projects established by CMS in the future.

These providers—especially small and community-based—depend on CMS-shared savings to maintain and expand services, invest in patient care infrastructure and retain clinical staff. Without resolution of the FWA claims, we are concerned these ACOs may face budget shortfalls, making it more difficult to deliver high-quality care to their patients. The resulting disruption could affect access, outcomes and stability for the very constituents we are all here to serve.

As Members of Congress committed to safeguarding Medicare's integrity and protecting vulnerable beneficiaries, we believe immediate action is critical to prevent such fraud from undermining value-based care models like ACO. We urge CMS to consider implementing mechanisms for ACOs to exclude documented instances of fraud or improper claims and revisit SAHS criteria to enhance FWA detection.

We appreciate the work CMS has done to combat FWA, and we look forward to working collaboratively to ensure we continue to support value-based care provided by ACOs.

Sincerely,

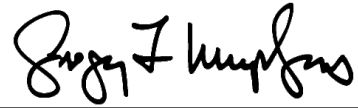
³ CMS, "Final Rule on Mitigating the Impact of Significant, Anomalous, and Highly Suspect Billing Activity on Medicare Shared Savings Program Financial Calculations in Calendar Year 2023 (CMS-1799-F)" (Sept. 24, 2024), available at <https://www.cms.gov/newsroom/fact-sheets/final-rule-mitigating-impact-significant-anomalous-and-highly-suspect-billing-activity-medicare>.

⁴ CMS, "Urinary Catheter Case Study: CMS' Swift Action Saves Billions," available at <https://www.cms.gov/files/document/cpi-urinary-catheter-case-study.pdf>.

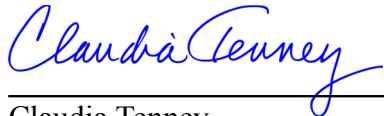
⁵ Accountable for Health, "Saving Lives and Limbs: Fixing the Payment System Funding Medicare's Skin Substitute Crisis," available at <https://accountableforhealth.org/medicares-skin-substitute-crisis/>.



Vern Buchanan
Member of Congress



Gregory F. Murphy, M.D.
Member of Congress



Claudia Tenney
Member of Congress