DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

WASHINGTON, DC 20201

May 13, 2026

Attorney General Rob Bonta
California Department of Justice, Office of the Attorney General
1300 "I" St.
Sacramento, CA 95814-2919

Dear Attorney General Rob Bonta:

Every year, the American people generously turn over trillions of dollars of their hard-earned money to the Federal Government to help their friends, families, and neighbors who are in need. Nearly half a billion dollars goes to State Medicaid Fraud Control Units (MFCUs or Units) to fight Medicaid fraud. As the Attorney General, you are in charge of the California MFCU. When the Federal Government turns taxpayer money over to you to fight fraud, we expect you to use it to fight fraud as vigorously as you can. Congress has adopted statutes and the Department of Health and Human Services (HHS) has adopted regulations that establish requirements for MFCUs that receive taxpayer money. You are in charge of making sure that your MFCU meets those requirements. And as Inspector General of HHS, my job is to make sure that you are living up to your obligations and using money dedicated for MFCUs to fight fraud.

Some MFCUs have performed well and have been good stewards of the millions of taxpayer dollars they receive. It has become clear, however, that many MFCUs have been happy to rake in taxpayer dollars without fighting fraud. And for too long, there has been a lack of leadership at HHS that has allowed billions of our fellow Americans' dollars to flow out to State capitals to fund MFCUs to supposedly fight Medicaid fraud without any real oversight. Under President Trump and Vice President Vance's leadership, that ends *today*. HHS will protect American taxpayer dollars by requiring every single MFCU to comply with all of their obligations under Federal law in order to receive their MFCU funds. And not just that. Noncompliance with your MFCU obligations can take your State's *entire Medicaid program* out of compliance. This means your failure to do your job as head of the MFCU has put all of your State's Medicaid funds in jeopardy. I write to explain HHS's new insistence on rigid MFCU compliance and to explain the consequences of noncompliance.

President Trump's Task Force to Eliminate Fraud, led by Vice President Vance, is coordinating a whole-of-government strategy and surging resources to transform the way the Government combats fraud. The Trump-Vance Administration recognizes that every dollar stolen from Medicaid is one less dollar that supports our neediest fellow citizens. The effective functioning of your State's MFCU is a critical component of Medicaid fraud prevention. "Business as usual" is insufficient to meet the challenges of this moment.

In light of this, I have directed the Office of Inspector General (OIG) to engage in a robust review of your MFCU. Federal law requires each State to operate a Unit that *effectively* fulfills its statutory functions and responsibilities (42 U.S.C. § 1396a(a)(61); 42 U.S.C. § 1396b(q)). Units that do not meet one or more of the statute's requirements may be subject to regulatory remedies including: (1) implementation of a corrective action plan or other special conditions on annual recertification; (2) reduction or suspension of MFCU funding; or (3) denial of recertification, which could lead to the loss of all Federal grant funds provided to your State's Medicaid program (*see* 42 CFR part 1007; 2 CFR part 200; 42 U.S.C. § 1396a(a)(61)).

OIG is prepared to impose appropriate consequences should it find that a State has failed to operate a MFCU that effectively fulfills its duties. As your MFCU's annual recertification deadline approaches, I will be reaching out to you personally to review the effectiveness of your MFCU, as well as its compliance with program requirements.

The goal of this process has not changed: It remains to ensure that each MFCU demonstrates fidelity to the law and meets the highest performance outcomes to best protect the Medicaid program and our neediest citizens. The only thing that has changed is that the Trump-Vance Administration takes its role in this process, and its duty to the American taxpayer, seriously. I look forward to discussing with you what more you and your State can contribute to this shared mission.

Sincerely,

T. March Bell
Inspector General

Enclosure: Relevant resources available online

Medicaid Fraud Control Units General Information: Link to HHS OIG MFCU webpage

Federal MFCU Statutes and Regulations: Link

Performance Standards for Medicaid Fraud Control Units - Link

Data Mining Approvals: OIG program enabling Units to mine Medicaid data for fraud patterns. Data Mining Rule (2013) – Link; Data Mining Applications -Link

Medicaid Fraud Control Units Annual Report: FY 2025 - Link

Executive Order: Establishing the Taks Force to Eliminate fraud – Link

Fact Sheet: Trump Establishes the Task Force to Eliminate Fraud: Link

cc:
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