

HHS-OIG Fiscal Year 2027

# Justification of Estimates for Congress



Department of Health and Human Services  
Office of Inspector General



# U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES OFFICE OF INSPECTOR GENERAL



## Message from the Inspector General

I am pleased to present the Department of Health and Human Services (HHS), Office of Inspector General (OIG) fiscal year (FY) 2027 budget submission. The requested \$446.7 million is composed of \$362.5 million for oversight of Medicare and Medicaid and \$84.2 million for oversight of HHS programs administered by its public health, human services, science, and regulatory agencies.

OIG will use the requested funds to fulfill our statutory mission to prevent and detect fraud, waste, and abuse in HHS programs and to promote their economy, efficiency, and effectiveness. We will bring to bear the full complement of our oversight tools, authorities, and multidisciplinary expertise to ensure that bad actors are prevented from taking advantage of HHS program funds and harming people, that programs operate consistent with requirements, and that our recommendations drive positive change.

Investment in OIG yields a strong return for the American people. In FY 2025, our return on investment was \$12.7:\$1. At OIG, we are steadfast in our commitment to safeguarding HHS programs and the people who rely on them for the care and services that enhance the Nation's health and well-being. We appreciate the continued support of Congress and HHS for OIG's important work.



/s/

**T. March Bell**  
**Inspector General**

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# ACRONYMS

ACF	Administration for Children and Families
AI	artificial intelligence
ASTP	Assistant Secretary for Technology Policy
BA	budget authority
CC	Commissioned Corps
CHIP	Children's Health Insurance Program
CIGIE	Council of the Inspectors General on Integrity and Efficiency
CIV	civilian
CJ	Congressional [budget] Justification (also referred to as President's Budget)
CMP	civil monetary penalty
CMS	Centers for Medicare & Medicaid Services
CR	continuing resolution
DOJ	Department of Justice
FDA	Food and Drug Administration
FTE	full-time equivalent
FY	fiscal year
GL	General Law (pay scale for law enforcement officers)
GS	General Schedule
GSA	General Services Administration
HCFAC	Health Care Fraud and Abuse Control
HHS	Department of Health and Human Services
HRA	health risk assessment
IHS	Indian Health Service
IT	information technology
JFA	joint funding agreement
MAO	Medicare Advantage organization
MFCU	Medicaid Fraud Control Unit
MSI	Mission Support and Infrastructure
NEF	Nonrecurring Expenses Fund
NIH	National Institutes of Health
OAS	Office of Audit Services
OCIG	Office of Counsel to the Inspector General
OEI	Office of Evaluation and Inspections
OI	Office of Investigations
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PB	President's Budget (also referred to as congressional [budget] justification)
PHHS	Public Health and Human Services
PL	program level
PSC	Program Support Center
ROI	return on investment
SSF	Service and Supply Fund
UAC	unaccompanied alien children

# AGENCY OVERVIEW

## Mission, Vision, and Values

The Department of Health and Human Services (HHS or the Department), Office of Inspector General (OIG) conducts independent oversight of HHS programs that provide health insurance, promote public health, respond to public health emergencies, protect the safety of food and medical products, and fund medical research, among other activities. OIG's statutory responsibilities are to detect and prevent fraud, waste, and abuse in, and promote economy, efficiency, and effectiveness of, HHS programs. OIG promotes quality, safety, and value in HHS programs and for all Americans. OIG's roadmap to accomplish this work is detailed in [Strategic Plan 2025–2030](#).

**Mission: OIG's mission is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve.** OIG is an independent, objective oversight organization that fights fraud, waste, and abuse. We at OIG work to ensure that Federal dollars are used appropriately and that HHS programs effectively serve the people who depend on them.

**Vision: At OIG, our vision is to drive positive change in HHS programs and in the lives of those its programs serve.** We pursue this vision through independent oversight of HHS programs and operations. This oversight provides HHS and Congress with objective, reliable findings and actionable recommendations to ensure fiscal accountability and program efficiencies and effectiveness. We audit the performance of providers, grantees, and contractors participating in HHS programs. We evaluate risks to HHS programs and the people they serve and recommend improvements. We investigate fraud and abuse in HHS programs and hold wrongdoers accountable for their actions. We also assess the Department's performance, administrative operations, and financial stewardship.

**Values: At OIG, we strive to be impactful, innovative, and people-focused.** We apply these values to our work by using modern, cutting-edge tools, methods, and operations. We use a risk-based, data-driven approach to prioritize work and ensure that we maximize the impact of our resources. We provide the results of our work to the public to foster transparency and consumer awareness.

## Goals and Objectives

FIGHT Fraud, Waste, and Abuse	PROMOTE Quality, Safety, and Value	ADVANCE Excellence and Innovation
<ul style="list-style-type: none"> <li>Prevent, detect, and deter fraud, waste, and abuse.</li> <li>Foster sound financial stewardship and reduction of improper payments.</li> <li>Hold wrongdoers accountable and recover misspent public funds.</li> </ul>	<ul style="list-style-type: none"> <li>Foster quality, safety, and value of HHS-funded services.</li> <li>Promote public health and safety.</li> <li>Support high-performing health and human services programs.</li> </ul>	<ul style="list-style-type: none"> <li>Maximize value by improving efficiency and effectiveness.</li> <li>Promote security and effective use of data and technology.</li> <li>Encourage implementation of OIG recommendations.</li> </ul>

## Organizational Components

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OIG's multidisciplinary workforce is composed of investigators, auditors, evaluators, analysts, attorneys, program specialists, clinicians, digital and technology specialists, and other experts. This workforce integrates a range of professional skills, tools, and perspectives to tackle complex health and human services issues and sophisticated fraud schemes. For example, OIG pairs criminal investigators and digital analysts—armed with data and technology—to detect and investigate complex fraud cases more effectively. OIG uses audits and evaluations to strategically uncover misspent funds and to recommend actions to prevent fraud, waste, and abuse.

OIG maintains an office in Washington, DC, and a nationwide network of regional and field offices to have boots on the ground to more efficiently and effectively address fraud, waste, and abuse. More than 80 percent of OIG employees work outside the Washington metropolitan area.

### Office of Investigations

The Office of Investigations (OI) actively collaborates with the Department of Justice (DOJ) and other Federal, State, Tribal, and local law enforcement authorities to conduct criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, beneficiaries, and employees. OI special agents have full law enforcement authority and execute a broad range of actions, including search warrants and arrests. With investigators covering every State, the District of Columbia, and Puerto Rico and other territories, OI uses traditional as well as state-of-the-art investigative techniques and innovative data analysis to fulfill its mission to safeguard the integrity of the programs HHS administers and protect the people they serve. OI's investigations lead to criminal convictions, False Claims Act resolutions, and administrative sanctions including civil monetary penalties (CMPs).

### Office of Audit Services

The Office of Audit Services (OAS) conducts independent audits of HHS programs and HHS grant recipients, contractors, and providers. These audits identify improper payments in HHS programs and help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS. OAS is responsible for overseeing non-Federal entities that expend Federal funds that meet the dollar threshold required for Single Audits. OAS also oversees HHS's annual financial statement audits conducted under the Chief Financial Officers Act and HHS's annual Federal Information Security Modernization Act audits.

### Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations that provide HHS, Congress, and the public with objective, reliable data and rigorous analysis aimed at identifying and preventing fraud, waste, and abuse and promoting the economy, efficiency, and effectiveness of HHS programs. OEI evaluations include actionable recommendations for improving program operations, saving HHS funds, and protecting Americans from harm.

### Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions for OIG's oversight of HHS programs and operations, and providing all

legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including the False Claims Act, program exclusion, and CMP cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG implements statutory exclusions of untrustworthy individuals and entities from Federal health care programs. OCIG renders advisory opinions and issues fraud alerts and other guidance.

## Mission Support and Infrastructure

Mission Support and Infrastructure (MSI) is composed of the Immediate Office of the Inspector General and the Office of Management and Policy. It provides mission support that includes setting the vision and direction for OIG's priorities and strategic planning; ensuring effective management of budget, finance, human resources, and other operations; and serving as a liaison to HHS, Congress, and other stakeholders. MSI provides critical data analytics, data management, and information technology (IT) infrastructure, and it leads OIG's artificial intelligence (AI) work. OIG's state-of-the-art data analytics function, with highly trained data analysts, scientists, and statisticians, works with investigators, auditors, attorneys, and evaluators to uncover anomalies and detect potential fraud, waste, and abuse affecting HHS programs and the people they serve.

# SECTION I: EXECUTIVE SUMMARY

OIG's FY 2027 Congressional Justification budget request is a 3.0 percent decrease from the FY 2026 Enacted level and reflects a government-wide Inspector General budget reduction. OIG's \$446.7 million FY 2027 budget request is composed of \$362.5 million for oversight of Medicare and Medicaid and \$84.2 million for oversight of HHS's other programs, such as the activities of the Administration for Children and Families (ACF), National Institutes of Health (NIH), Indian Health Service (IHS), and Food and Drug Administration (FDA).

OIG's request supports mission-critical law enforcement, auditing, and other oversight work, including in areas such as Medicare Advantage, Medicaid, grants and contracts spending, durable medical equipment fraud, and patient harm. With the requested funding, OIG will continue to stop sophisticated fraud schemes and hold wrongdoers accountable, uncover safety risks, and help provide assurances that enrollees in HHS programs get the services to which they are entitled without waste to taxpayer dollars. OIG uses specialized skills and expertise from across multiple disciplines, advanced analytics, AI, state-of-the-art techniques, and strategic partnerships to meet its mission to protect HHS programs.

OIG delivers results for the American people. Its independent, objective oversight is firmly grounded in professional standards and consistently yields a strong return on taxpayers' investments. In FY 2025, OIG's work resulted in \$6.2 billion in expected recoveries. The return on investment (ROI) was \$12.7 in expected recoveries to the Government for every \$1 invested in OIG.

## Fiscal Year 2027 Budget Request Overview

**The total estimated FY 2027 President's Budget for OIG is \$446.7 million, which is \$13.7 million below the FY 2026 Enacted level.**

OIG's funding and oversight work is divided into two legally defined categories: Public Health and Human Services (PHHS) Oversight and Health Care Fraud and Abuse Control (HCFAC) Program Oversight.

## Public Health and Human Services Oversight

Roughly one-fifth of OIG funding for FY 2027 will support oversight of HHS's efforts to advance the health and well-being of all Americans through the broad portfolio of programs and services that are not part of Medicare and Medicaid, including the activities of ACF, NIH, IHS, and FDA, along with health insurance marketplaces.

**BUDGET REQUEST:** \$84.2 MILLION (-\$9.4 MILLION BELOW THE FY 2026 ENACTED LEVEL)

- The \$9.4 million decrease in resources represents 33 fewer FTEs performing PHHS program oversight.

## Health Care Fraud and Abuse Control Program Oversight (Medicare and Medicaid)

For FY 2027, 81 percent of OIG funding will support oversight of Medicare and Medicaid programs, which include Medicare Parts A, B, and C, as well as the prescription drug benefit (Part D).

## **BUDGET REQUEST:** \$362.5<sup>1</sup> MILLION (-\$4.4 MILLION BELOW THE FY 2026 ENACTED LEVEL)

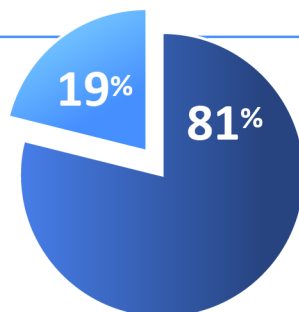
- \$256.7 million in HCFAC mandatory funds (+\$6.5 million above FY 2026 Enacted level)
- \$97.9 million in HCFAC discretionary funds (-\$10.9 million below FY 2026 Enacted level)
- \$8 million in estimated HCFAC collections (at the FY 2026 Enacted level)

The \$4.4 million decrease in resources represents 31 fewer FTEs performing oversight of Medicare and Medicaid programs.

## Overview of Performance

### PHHS Oversight Includes

Public Health, Human Services,  
Science, and Regulatory Agencies  
Health Insurance Marketplaces



### HCFAC Oversight Includes

Medicare Parts A, B, C  
Prescription Drugs (Part D)  
Medicaid  
CHIP

Grounded in professional standards, OIG's objective work helps ensure that people served by HHS programs receive safe, quality care and that taxpayer funds are not wasted. Using advanced analytics, OIG conducts risk assessments to identify emerging fraud trends and other vulnerabilities. OIG provides meaningful oversight in key areas that lead to program improvements.

OIG consistently delivers a strong ROI through its oversight and enforcement. Using a 3-year rolling average methodology of expected recoveries, OIG's FY 2025 ROI is \$12.7 to \$1. These significant monetary returns are complemented by the substantial additional value of OIG's quality and safety work, which protects people from harm, including children served by HHS programs as well as Medicare and Medicaid enrollees. Further, OIG makes recommendations for program efficiencies to HHS that, if implemented, will generate substantial savings for HHS programs.

OIG targets its resources strategically at opportunities for greatest impact through, among other actions, enforcement that holds wrongdoers accountable, audits and evaluations that identify misspent funds and recommend solutions to vulnerabilities in HHS programs, legal work that protects patients from untrustworthy health care providers, and advanced data analytics that detect potential fraud so it can be investigated and stopped faster.

## Recent Accomplishments

OIG's statistical accomplishments and ROI provide a snapshot of our impact in preventing, detecting, and combating fraud, waste, and abuse. For FY 2025, OIG's work resulted in a monetary impact of more than \$19 billion, including \$12.8 billion that could be saved if HHS recovers payments that didn't meet requirements and improves how its programs operate, and \$6.2 billion in expected recoveries from our audit and investigative work. OIG oversight resulted in 1,577 criminal and civil actions and

<sup>1</sup> Numbers may not add exactly due to rounding.

the exclusion of 2,837 untrustworthy individuals and entities from participating in Federal health care programs for offenses such as fraud and patient abuse and neglect. In FY 2025, we issued 127 audits and 45 evaluation reports in which we identified risks, opportunities for improvement, and misspent funds. Through this work, we issued 360 new recommendations that, if implemented, will foster program improvements and safeguard taxpayer funds. Further, in FY 2025, HHS and non-HHS entities implemented 455 recommendations to address problems we identified in previous audits and evaluations. For a detailed discussion of OIG's recent accomplishments, please see OIG's [Fall Semiannual Report to Congress](#).

## OIG Priority Outcome Areas

OIG's three priority outcome areas are Managed Care, Grants and Contracts, and Nursing Homes. The priority outcome areas were selected based on top management challenges facing HHS,<sup>2</sup> our risk analyses, and the opportunity for positive impact. OIG will continue to conduct a full range of HHS program oversight while advancing progress in the priority outcome areas. More information about OIG's priority outcome areas can be found in the Performance Overview section of this budget request.

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<sup>2</sup> For more information on top management challenges facing HHS, see OIG's [2025 Top Management & Performance Challenges Facing HHS](#).

## All-Purpose Table

OIG (dollars in millions)	FY 2025		FY 2026		FY 2027		FY 2027 +/- FY 2026	
	Final Level	FTE <sup>3</sup>	Enacted <sup>4</sup>	FTE <sup>5</sup>	President's Budget	FTE	Amount	FTE
<b>PHHS Oversight</b>								
<b>Discretionary Budget Authority (BA)</b>	\$87.000		\$87.000		\$77.650		(\$9.350)	
<b>FDA Transfer</b>	1.500		1.500		1.500		0.000	
<b>NIH Transfer</b>	5.000		5.000		5.000		0.000	
<b>Subtotal, PHHS BA</b>	93.500 <sup>6</sup>	296	93.500	293	84.150	260	(9.350)	(33)
<b>HCFAC Oversight</b>								
<b>HCFAC Mandatory BA</b>	243.601		250.178		256.682		6.504	
<b>HCFAC Mandatory BA, Proposed Law</b>							0.000	
<b>HCFAC Discretionary BA</b>	108.735		108.735		97.861		(10.874)	
<b>Subtotal, HCFAC BA</b>	352.336		358.913		354.543		(4.370)	
<b>HCFAC Collections</b>	8.924		8.000		8.000		0	
<b>Subtotal, HCFAC PL</b>	361.260	1,202	366.913	1,206	362.543	1,175	(4.370)	(31)
<b>TOTAL BA</b>	445.836		452.413		438.693		(13.720)	
<b>TOTAL PL</b>	\$454.760	1,498	\$460.413	1,499	\$446.693	1,435	(\$13.720)	(64)
<b>NEF</b>								
<i>Data Loss Prevention Program</i>	1.500							
<i>Freedom of Information Act</i>	1.500							

<sup>3</sup> OIG employs one military FTE, which is included in the total FTE count.

<sup>4</sup> OIG received two onetime funding amounts for \$20 million, SEC. 6224 Modernizing and ensuring Pharmacy Benefit Manager (PBM) Accountability, and \$1.2 million, SEC. 6212 Enhancing Certain Program Integrity Requirements for Durable Medical Equipment (DME) Under Medicare.

<sup>5</sup> This number does not take into account OPM, OMB, and the Strategic Hiring Committee process decisions, which OIG is currently executing.

<sup>6</sup> FY 2025 amounts balance to budgetary resources provided in P.L. 119-4. Amounts exclude a nonrecurring \$2.6 million Secretarial transfer for Information Blocking.

# SECTION II: BUDGET EXHIBITS

## Summary of Changes

OIG (dollars in thousands)		
FY 2026 Enacted Level	Dollars	FTE
PHHS Discretionary Budget Authority	\$93,500	293
FY 2027 President's Budget		
PHHS Discretionary Budget Authority	\$84,150	260
<b>Net Change</b>	<b>(\$9,350)</b>	<b>(33)</b>

OIG (dollars in thousands)	FY 2026 Enacted Level		FY 2027 President's Budget		FY 2027 +/- FY 2026	
	FTE	BA	FTE	BA	FTE	BA
<b>Increases/(Decreases)</b>						
Built-in:						
Salaries	293	\$47,066	260	\$42,409	(33)	(\$4,656)
Benefits		19,269		17,361		(1,908)
Contracts		20,883		18,900		(1,983)
Training, Travel, Materials		6,283		5,480		(803)
<b>Total, Built-in Increases/(Decreases)</b>		<b>\$93,500</b>		<b>\$84,150</b>		<b>(\$9,350)</b>

## Budget Authority by Activity

OIG <i>(dollars in thousands)</i>	FY 2025 Final Level	FY 2026 Enacted	FY 2026 Amount Authorized	FY 2027 President's Budget
Inspector General Act (IG Act) of 1978 (P.L. No. 95-452, as amended)				
IG Act, as amended, PHHS Discretionary	Indefinite	\$93,500	Indefinite	\$84,150
Health Insurance Portability and Accountability Act of 1996 (HIPAA) (P.L. No. 104-191, as amended)				
HIPAA, as amended, HCFAC Mandatory	\$243,601	\$250,178	\$256,682	\$256,682
HIPAA, as amended, HCFAC Discretionary	Enabling Only	\$108,735	Enabling Only	\$97,861
HIPAA, as amended, HCFAC Collections	Enabling Only	Indefinite	Enabling Only	Indefinite

## Appropriations History

Fiscal Year	Details	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
2018	Direct Discretionary	68,085,000	81,500,000	81,500,000	81,500,000
	HCFAC Discretionary Allocation Adjustment	74,246,000	82,132,000	84,398,000	84,398,000
	HCFAC Mandatory	203,842,374			202,148,946
	Sequestration				(13,453,597)
	<i>Subtotal</i>	<i>346,173,374</i>	<i>163,632,000</i>	<i>165,898,000</i>	<i>354,593,349</i>
2019	Direct Discretionary	80,000,000	81,500,000	86,500,000	86,500,000
	HCFAC Discretionary Allocation Adjustment	87,230,000	87,230,000	86,664,000	87,230,000
	HCFAC Mandatory	208,289,651	-	-	207,000,521
	Sequestration				(12,939,025)
	<i>Subtotal</i>	<i>375,519,651</i>	<i>168,730,000</i>	<i>173,164,000</i>	<i>367,791,496</i>
2020	Direct Discretionary	80,000,000	85,000,000	86,500,000	86,500,000
	HCFAC Discretionary Allocation Adjustment	98,000,000	93,000,000	89,625,000	93,000,000
	HCFAC Mandatory (including suspension)	213,248,000			210,933,531
	Sequestration (including suspension)				(7,300,773)
	<i>Subtotal</i>	<i>391,248,000</i>	<i>178,000,000</i>	<i>176,125,000</i>	<i>383,132,758</i>
2021	Direct Discretionary	90,000,000	86,500,000	86,500,000	86,500,000
	HCFAC Discretionary Allocation Adjustment	101,644,000	98,000,000	100,000,000	99,000,000
	HCFAC Mandatory	215,574,000			213,886,600
	Sequestration (including suspension)				-
	<i>Subtotal</i>	<i>407,218,000</i>	<i>184,500,000</i>	<i>186,500,000</i>	<i>399,386,600</i>
2022	Direct Discretionary	106,500,000	106,500,000	96,500,000	88,900,000
	HCFAC Discretionary Allocation Adjustment	102,145,000	109,145,000	102,145,000	102,145,000
	HCFAC Mandatory	208,863,000			220,944,858
	Sequestration				(6,314,180)
	<i>Subtotal</i>	<i>417,508,000</i>	<i>215,645,000</i>	<i>198,645,000</i>	<i>405,675,678</i>
2023	Direct Discretionary	112,829,000	100,900,000	93,900,000	93,500,000
	HCFAC Discretionary Allocation Adjustment	109,612,000	109,612,000	112,145,000	105,145,000
	HCFAC Mandatory	224,811,000			238,399,502
	Sequestration				(13,588,772)
	<i>Subtotal</i>	<i>447,252,000</i>	<i>210,512,000</i>	<i>206,045,000</i>	<i>423,455,730</i>
2024	Direct Discretionary	123,301,000	81,500,000	93,500,000	93,500,000
	HCFAC Discretionary Allocation Adjustment	112,434,000	100,145,000	107,735,000	107,735,000
	HCFAC Mandatory	267,704,000			250,557,877
	Sequestration				(14,281,799)

Fiscal Year	Details	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
	<i>Subtotal</i>	503,439,000	181,645,000	201,235,000	437,511,078
2025	Direct Discretionary	103,884,000	88,500,000	93,500,000	93,500,000
	HCFAC Discretionary Allocation Adjustment	111,509,000	111,508,000	108,735,000	108,735,000
	HCFAC Mandatory	275,289,000			258,325,171
	Sequestration				(14,724,535)
	<i>Subtotal</i>	490,682,000	200,008,000	202,235,000	445,835,636
2026	Direct Discretionary	87,000,000	88,500,000	93,500,000	93,500,000
	HCFAC Discretionary Allocation Adjustment	108,735,000	108,735,000	108,735,000	108,735,000
	HCFAC Mandatory	249,935,252			265,299,951
	Sequestration				(15,122,097)
	<i>Subtotal</i>	445,670,252	197,235,000	202,235,000	452,412,854
2027	Direct Discretionary	84,150,000			
	HCFAC Discretionary Allocation Adjustment	97,861,000			
	HCFAC Mandatory	256,682,000			
	Sequestration				
	<i>Subtotal</i>	438,693,000	-	-	-

# SECTION III: BUDGET NARRATIVES

## **Adjustments to Base Funding Requirements**

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In FY 2027, we anticipate that OIG's mission will be supported by 1,445 professionals who will perform investigations, audits, and evaluations; conduct complex data analysis; impose administrative sanctions for fraud and other misconduct, including excluding bad actors from participating in Federal health care programs; and maintain the integrity of our operations and independent IT infrastructure. This projected staffing level will be the lowest staffing level for OIG in two decades.

More than one-third of OIG's current workforce consists of 1811-series criminal investigators. These investigators are eligible for law enforcement availability pay, which is compensation for unscheduled duty that accompanies a field of work and is calculated as 26 percent of basic pay. The cost factor for 1811-series personnel is double the normal Federal rate. The FY 2026, cost factor for a regular, nonpostal employee is 24.6 percent, whereas the law enforcement officer rate is 52.8 percent.

The 2027 Budget reduces OIG's PHHS and HCFAC discretionary funding by 10% compared to 2026 Enacted, which also reduces the FTE count.

# Public Health and Human Services Oversight and Enforcement

## Budget Summary

OIG (dollars in thousands)	FY 2025	FY 2026	FY 2027	
	Final Level	Enacted	President's Budget	+/- FY 2026 Budget
Budget Authority	\$87,000	\$87,000	\$77,650	(\$9,350)
FDA Transfer	1,500	1,500	1,500	0
NIH Transfer	5,000	5,000	5,000	0
<b>Total, PHHS BA</b>	<b>\$93,500</b>	<b>\$93,500</b>	<b>\$84,150</b>	<b>(\$9,350)</b>
<b>FTE</b>	<b>296</b>	<b>293</b>	<b>260</b>	<b>(33)</b>

## Five-Year Funding Table

PHHS	
Fiscal Year	Amount
FY 2023 Final	\$93,500,000
FY 2024 Final	\$93,500,000
FY 2025 Final	\$93,500,000
FY 2026 Enacted	\$93,500,000
FY 2027 President's Budget	\$84,150,000

## Program Description

OIG uses funding from our annual discretionary appropriation to effectively oversee the wide-ranging PHHS programs and funding recipients, including grantees and contractors. OIG's PHHS oversight includes the activities of HHS public health, science, regulatory, and human service agencies. Additionally, OIG uses PHHS funding for oversight of the health insurance marketplaces, information blocking enforcement, and cybersecurity oversight related to HHS and its programs. We use advanced data analytics, AI, state-of-the-art investigative techniques, specialized expertise from across OIG disciplines, and strategic partnerships to protect PHHS programs and services from fraud, waste, and abuse. The strength of our tools and our broad oversight across HHS programs enable OIG to detect and prevent fraud and other threats that touch multiple programs.

## Budget Request

OIG's FY 2027 request for PHHS is \$84.2 million, which is -\$9.4 million below the FY 2026 Enacted level.

# Health Care Fraud and Abuse Control Oversight and Enforcement

## Budget Summary

OIG (dollars in thousands)	FY 2025	FY 2026	FY 2027	
	Final Level	Enacted	President's Budget	+/- FY 2026 Budget
HCFAC Mandatory	\$243,601	\$250,178	\$256,682	\$6,504
HCFAC Discretionary	108,735	108,735	97,861	(10,874)
<b>BA Total</b>	<b>352,336</b>	<b>358,913</b>	<b>354,543</b>	<b>(4,370)</b>
HCFAC Collections	8,924	8,000	8,000	0
<b>PL Total</b>	<b>\$361,260</b>	<b>\$366,913</b>	<b>\$362,543</b>	<b>(\$4,370)</b>
<b>FTE</b>	<b>1,202</b>	<b>1,206</b>	<b>1,175</b>	<b>(31)</b>

## Five-Year Funding Table

HCFAC	
Fiscal Year	Amount
FY 2023 Final	\$338,956,000
FY 2024 Final	\$353,011,000
FY 2025 Final	\$361,260,000
FY 2026 Enacted	\$366,913,000
FY 2027 President's Budget	\$362,543,000

## Program Description

The Health Insurance Portability and Accountability Act of 1996 amended the Social Security Act and established a comprehensive program to combat health care fraud. The legislation required establishing a national HCFAC program under the joint direction of the Attorney General and the Secretary, acting through OIG. The HCFAC program is designed to: (1) coordinate Federal, State, and local law enforcement efforts to control fraud and abuse associated with health plans; (2) conduct investigations, audits, evaluations, and inspections of delivery and payment for health care in the United States; (3) facilitate enforcement of Federal health care fraud and abuse laws; (4) provide guidance to the health care industry in the form of advisory opinions, safe harbor regulations, and special fraud alerts; and (5) establish a national database of adverse actions against health care providers.

By statute, OIG can use the HCFAC funding it receives only for oversight of Medicare and Medicaid. These programs are the two largest, most complex health care programs at HHS. They offer benefits in multiple formats; cover a broad array of health conditions, providers, services, and settings; and operate pursuant to intricate statutory directives and regulations. More than 40 percent of Americans rely on these programs for health insurance, including adults aged 65 and older, people with disabilities, individuals and families with low incomes, and patients with end-stage renal disease.

Through the HCFAC program, OIG works closely with Government partners, including DOJ and the Centers for Medicare & Medicaid Services (CMS), to effectively use each agency's different authorities to combat fraud, identify misspent funds, recommend solutions to improve program efficiency, and educate Medicare and Medicaid stakeholders on emerging risks to the programs and the people they serve. The HCFAC program includes mandatory funding not subject to annual appropriations and discretionary funding that is annually appropriated.

As the Government's leading agency in combating Medicare and Medicaid fraud—and with a specific statutory mission to prevent and detect fraud, waste, and abuse in HHS programs—OIG is uniquely positioned to provide independent, objective oversight that strengthens Medicare and Medicaid and fosters trust, accountability, and transparency. OIG has the authorities, data, technology, multidisciplinary expertise, agility, and experience to hold accountable wrongdoers engaged in increasingly sophisticated health care fraud schemes; to stay abreast of evolving trends signaling fraud, waste, or abuse; and to conduct audits and evaluations to identify billions of dollars in potential cost savings. However, at current funding levels, OIG is unable to provide the level of enforcement and oversight needed to prevent fraud, hold wrongdoers accountable, and identify improper payments in these programs. For example, OIG lacks resources to investigate hundreds of cases involving serious fraud and to follow up on thousands of hotline complaints.

## Budget Request

OIG's FY 2027 HCFAC discretionary request for Medicare and Medicaid oversight is \$97.9 million, in addition to the \$256.7 million OIG expects to receive in mandatory funding for Medicare and Medicaid oversight, and an estimated \$8 million in HCFAC collections. **In total, the HCFAC request represents a decrease of \$4.4 million below the FY 2026 Enacted level.**

OIG's HCFAC funds are provided through several sources, including mandatory funding, discretionary funding, and collections.

### **OIG's FY 2027 estimated program level for HCFAC includes:**

- \$256.7 million in HCFAC mandatory funding, an increase of \$6.5 million above the FY 2026 Enacted level.
- \$97.9 million in HCFAC discretionary funding, a decrease of \$10.9 million below the FY 2026 Enacted level.
- \$8 million in estimated HCFAC collections, at the FY 2026 Enacted level. The estimated HCFAC collections reimburse OIG for certain costs of conducting investigations, audits, and compliance monitoring. This amount is an estimate, and the amounts available will depend on the final amount collected.

# SECTION IV: SUPPORTING EXHIBITS

## Object Classification Tables<sup>6</sup>

Total Budget Authority   Direct (dollars in thousands)					
Object Class Code	Description	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget	+/- FY 2026 Budget
11.1	Full-time permanent	\$222,710	\$227,862	\$221,370	(6,492)
11.3	Other than full-time permanent	5,053	5,091	4,946	(145)
11.5	Other personnel compensation	7,651	7,804	7,582	(222)
11.7	Military personnel	178	185	191	7
11.8	Special personnel services payments	6	6	6	(0)
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>235,598</b>	<b>240,949</b>	<b>234,095</b>	<b>(6,853)</b>
12.1	Civilian personnel benefits	98,947	98,627	95,817	(2,810)
12.2	Military personnel benefits	19	20	21	1
13	Benefits for former personnel	1,833	0	0	0
<b>Total</b>	<b>Pay Costs</b>	<b>336,397</b>	<b>339,596</b>	<b>329,933</b>	<b>(9,663)</b>
21	Travel and transportation of persons	5,331	5,540	5,355	(186)
22	Transportation of things	4,060	4,219	4,078	(141)
23.1	Rental payments to GSA	18,092	15,500	14,701	(799)
23.2	Rental payments to others	1	1	1	0
23.3	Communications, utilities, and misc. charges	1,010	1,050	1,015	(35)
24	Printing and reproduction	11	11	10	0
25.1	Advisory and assistance services	10	10	10	0
25.2	Other services from non-Federal sources	36,300	38,834	37,802	(1,032)
25.3	Other goods and services from Federal sources	23,842	24,779	23,949	(830)
25.4	Operation and maintenance of facilities	1,225	1,273	1,230	(43)
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	65	68	65	(2)
25.7	Operation and maintenance of equipment	26,860	27,915	26,980	(934)
25.8	Subsistence and support of persons	0	0	0	0
26	Supplies and materials	316	328	317	(11)
31	Equipment	936	973	940	(33)
32	Land and structures	215	223	216	(7)
41	Grants, subsidies, and contributions	39	41	39	(1)
42	Insurance claims and indemnities	0	0	0	0
44	Refunds	0	0	0	0
99.1	Expenditures	50	52	50	(2)
<b>Total</b>	<b>Non-Pay Costs</b>	<b>118,363</b>	<b>120,817</b>	<b>116,760</b>	<b>(4,057)</b>

<sup>6</sup> Numbers may not add due to rounding.

Total Budget Authority   Direct (dollars in thousands)					
Object Class Code	Description	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget	+/- FY 2026 Budget
	<b>TOTAL</b>	<b>\$454,760</b>	<b>\$460,412</b>	<b>\$446,693</b>	<b>(13,720)</b>
	Civilian FTEs	1,497	1,498	1,434	(64)
	Civilian average salary	152	156	158	2
	Percent change		2%	1%	

PHHS Budget Authority   Direct (dollars in thousands)					
Object Class Code	Description	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget	+/- FY 2026 Budget
11.1	Full-time permanent	\$49,119	\$44,509	\$40,101	(4,408)
11.3	Other than full-time permanent	1,180	994	896	(98)
11.5	Other personnel compensation	1,227	1,524	1,373	(151)
11.7	Military personnel	35	36	38	1
11.8	Special personnel services payments	0	1	1	0
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>51,561</b>	<b>47,066</b>	<b>42,409</b>	<b>(4,656)</b>
12.1	Civilian personnel benefits	21,873	19,265	17,357	(1,908)
12.2	Military personnel benefits	4	4	4	0
13	Benefits for former personnel	378	0	0	0
<b>Total</b>	<b>Pay Costs</b>	<b>73,815</b>	<b>66,335</b>	<b>59,770</b>	<b>(6,564)</b>
21	Travel and transportation of persons	1,733	1,246	1,119	(128)
22	Transportation of things	692	949	852	(97)
23.1	Rental payments to GSA	2,254	3,484	2,968	(516)
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and misc. charges	60	236	212	(24)
24	Printing and reproduction	2	3	2	0
25.1	Advisory and assistance services	0	2	2	0
25.2	Other services from non-Federal sources	5,030	8,724	7,986	(739)
25.3	Other goods and services from Federal sources	7,738	5,574	5,004	(571)
25.4	Operation and maintenance of facilities	576	286	257	(29)
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	0	15	14	(2)
25.7	Operation and maintenance of equipment	1,363	6,280	5,637	(643)
25.8	Subsistence and support of persons	0	0	0	0
26	Supplies and materials	60	74	66	(8)
31	Equipment	158	219	196	(22)
32	Land and structures	0	50	45	(5)
42	Insurance claims and indemnities	8	9	8	(1)
44	Refunds	0	0	0	0
91	Confidential expenditures	12	12	10	(1)
<b>Total</b>	<b>Non-Pay Costs</b>	<b>19,685</b>	<b>27,166</b>	<b>24,380</b>	<b>(2,786)</b>
	<b>TOTAL</b>	<b>\$93,500</b>	<b>\$93,500</b>	<b>\$84,150</b>	<b>(9,350)</b>

PHHS Budget Authority   Direct (dollars in thousands)					
	Civilian FTEs	296	293	260	(33)
	Civilian average salary	\$170	\$155	\$158	3
	Percent change		(9%)	1%	

HCFAC Budget Authority   Direct (dollars in thousands)					
Object Class Code	Description	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget	+/- FY 2026 Budget
11.1	Full-time permanent	\$173,591	\$183,353	\$181,269	(2,084)
11.3	Other than full-time permanent	3,873	4,097	4,050	(47)
11.5	Other personnel compensation	6,424	6,280	6,208	(71)
11.7	Military personnel	143	148	154	5
11.8	Special personnel services payments	6	5	5	0
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>184,037</b>	<b>193,883</b>	<b>191,686</b>	<b>(2,197)</b>
12.1	Civilian personnel benefits	77,074	79,362	78,460	(902)
12.2	Military personnel benefits	16	16	17	1
13	Benefits for former personnel	1,455	0	0	0
<b>Total</b>	<b>Pay Costs</b>	<b>262,582</b>	<b>273,261</b>	<b>270,163</b>	<b>(3,099)</b>
21	Travel and transportation of persons	3,598	4,294	4,236	(58)
22	Transportation of things	3,368	3,270	3,226	(44)
23.1	Rental payments to GSA	15,838	12,016	11,733	(283)
23.2	Rental payments to others	1	1	1	0
23.3	Communications, utilities, and misc. charges	950	814	803	(11)
24	Printing and reproduction	9	9	9	0
25.1	Advisory and assistance services	10	8	8	0
25.2	Other services from non-Federal sources	31,270	30,110	29,816	(294)
25.3	Other goods and services from Federal sources	16,104	19,204	18,945	(259)
25.4	Operation and maintenance of facilities	649	987	973	(13)
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	65	52	52	(1)
25.7	Operation and maintenance of equipment	25,497	21,634	21,343	(292)
25.8	Subsistence and support of persons	0	0	0	0
26	Supplies and materials	256	255	251	(3)
31	Equipment	778	754	744	(10)
32	Land and structures	215	173	171	(2)
42	Insurance claims and indemnities	31	31	31	0
44	Refunds	0	0	0	0
91	Confidential expenditures	38	40	40	(1)
<b>Total</b>	<b>Non-Pay Costs</b>	<b>98,678</b>	<b>93,652</b>	<b>92,380</b>	<b>(1,272)</b>
	<b>TOTAL</b>	<b>\$361,260</b>	<b>\$366,913</b>	<b>\$362,543</b>	<b>(4,370)</b>
	Civilian FTEs	1,201	1,205	1,174	(31)
	Civilian average salary	\$ 148	\$ 156	\$ 158	2
	Percent change		5%	1%	

Reimbursable Budget Authority (dollars in thousands)					
Object Class Code	Description	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget	+/- FY 2026 Budget
11.1	Full-time permanent	\$947	\$4,664	\$1,577	(3,087)
11.3	Other than full-time permanent	6	0	0	0
11.5	Other personnel compensation	104	160	54	(106)
11.8	Special personnel services payments	0	0	0	0
<b>Subtotal</b>	<b>Personnel Compensation</b>	<b>1,057</b>	<b>4,824</b>	<b>1,631</b>	<b>(3,193)</b>
12.1	Civilian personnel benefits	487	1,974	668	(1,307)
13	Benefits for former personnel	0	0	0	0
<b>Total</b>	<b>Pay Costs</b>	<b>1,544</b>	<b>6,798</b>	<b>2,299</b>	<b>(4,499)</b>
21	Travel and transportation of persons	248	425	328	(96)
22	Transportation of things	7	12	9	(3)
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and misc. charges	0	0	0	0
24	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	12	21	16	(5)
25.3	Other goods and services from Federal sources	13,854	23,717	18,327	(5,391)
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.6	Medical care	0	0	0	0
25.7	Operation and maintenance of equipment	16	27	21	(6)
25.8	Subsistence and support of persons	0	0	0	0
26	Supplies and materials	0	0	0	0
31	Equipment	0	0	0	0
32	Land and structures	0	0	0	0
42	Insurance claims and indemnities	0	0	0	0
44	Refunds	0	0	0	0
91	Confidential expenditures	0	0	0	0
<b>Total</b>	<b>Non-Pay Costs</b>	<b>14,137</b>	<b>24,202</b>	<b>18,701</b>	<b>(5,501)</b>
	<b>TOTAL</b>	<b>\$15,681</b>	<b>\$31,000</b>	<b>\$21,000</b>	<b>(10,000)</b>
	Civilian FTEs	6	30	10	(20)
	Civilian average salary	\$159	\$156	\$158	2
	Percent change		-2%	1%	

## Detail of FTE

OIG	FY 2025 Actual			FY 2026 Estimated			FY 2027 Estimated		
	CIV	CC	Total	CIV	CC	Total	CIV	CC	Total
PHHS	296		<b>296</b>	293		<b>293</b>	260		<b>260</b>
Reimbursable	6		<b>6</b>	30		<b>30</b>	10		<b>10</b>
<b>PHHS Subtotal FTE</b>	302		<b>302</b>	323		<b>323</b>	270		<b>270</b>
HCFAC Direct	1,201	1	<b>1,202</b>	1,205	1	<b>1,206</b>	1,174	1	<b>1,175</b>
<b>HCFAC Subtotal FTE</b>	1,201	1	<b>1,202</b>	1,205	1	<b>1,206</b>	1,174	1	<b>1,175</b>
<b>OIG Total FTE</b>	1,503	1	<b>1,504</b>	1,528	1	<b>1,529</b>	1,444	1	<b>1,445</b>
<b>Average GS Grade</b>			<b>13.0</b>			<b>13.0</b>			<b>13.0</b>

## Detail of Positions

Direct Civilian Positions	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget
<b>Executive Level (EX)</b>			
EX Level I	-	-	-
EX Level II	-	1	1
EX Level III	-	-	-
EX Level IV	-	-	-
EX Level V	-	-	-
<b>Subtotal, Executive Level Positions</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Total, Executive Level Salaries</b>	<b>\$0</b>	<b>\$197,300</b>	<b>\$197,300</b>
<b>Senior Executive Service (SES) and Senior Level (SL)</b>			
SES Positions	22	23	22
SL Positions	7	7	7
<b>Subtotal, SES &amp; SL Positions</b>	<b>29</b>	<b>30</b>	<b>29</b>
<b>Subtotal, SES &amp; SL Salaries</b>	<b>\$6,156,850</b>	<b>\$6,690,231</b>	<b>\$6,565,224</b>
<b>Summary of EX, SES, and SL</b>			
<b>Total, SES &amp; SL Positions</b>	<b>29</b>	<b>31</b>	<b>30</b>
<b>Total, SES &amp; SL Salaries</b>	<b>\$6,156,850</b>	<b>\$6,887,531</b>	<b>\$6,762,524</b>
<b>General Schedule (GS)</b>			
GS-15	149	150	143
GS-14	288	292	277
GS-13	728	739	699
GS-12	199	206	190
GS-11	56	56	54
GS-10	-	-	-
GS-9	33	33	32
GS-8	1	1	1
GS-7	17	17	16
GS-6	1	1	1
GS-5	1	1	1
GS-4	1	1	1
<b>Subtotal, GS Positions</b>	<b>1,474</b>	<b>1,497</b>	<b>1,414</b>

Direct Civilian Positions	FY 2025 Final Level	FY 2026 Enacted	FY 2027 President's Budget
Subtotal, GS Salaries	\$218,355,442	\$226,001,904	\$216,767,486
<b>Total OIG Summary</b>			
OIG Total Salaries	\$224,512,292	\$232,889,435	\$223,530,010
OIG Total Positions <sup>7</sup>	1,503	1,528	1,444
<b>Average Salary Information</b>			
Average ES Level	II	II	II
Average ES & SL Salary	\$212,305	\$215,814	\$218,841
Average GS Grade	13	13	13
Average GS Salary	\$139,424	\$142,143	\$144,204
Average GL Salary	\$87,764	\$92,503	\$96,481
Average GM Salary	\$0	\$0	\$0

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<sup>7</sup> Table excludes one Commissioned Corps FTE.

# SECTION V: PERFORMANCE OVERVIEW

OIG consistently delivers impactful results by:

- Fighting fraud, waste, and abuse
- Promoting economy, efficiency, and effectiveness, as well as quality and safety
- Advancing excellence and innovation

We established our performance measures to quantify our outputs and provide insight into how we achieve results that drive positive change. The following examples demonstrate the power of enforcement and oversight to protect HHS programs and the people they serve.

## Enforcement

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OIG is the Nation's leading health care fraud investigative agency. In FY 2025, OIG investigators participated in significant law enforcement actions, including the 2025 National Health Care Fraud Takedown. As a result of this takedown, 324 defendants, including 96 licensed medical professionals including doctors and nurse practitioners, across 50 Federal districts were charged for their alleged participation in various health care fraud schemes. These schemes resulted in \$14.6 billion in intended losses to Federal programs, making it the largest health care fraud takedown in history. The enforcement action was closely coordinated among OIG, DOJ, the Federal Bureau of Investigation, State attorneys general, Medicaid Fraud Control Units (MFCUs), the Drug Enforcement Administration, and others.

The criminal conduct charges included billions of dollars in fraudulent claims submitted by entities, including transnational criminal organizations, for urinary catheters and other durable medical equipment. The schemes exploited the stolen identities of more than 1 million Americans spanning all 50 States. Charges also were filed for medically unnecessary wound care procedures performed on elderly and terminally ill patients; unlawful distribution of opioids, which endangered patients and were trafficked by street-level drug dealers; telemedicine schemes; laboratory genetic testing schemes; and wire fraud. These schemes had detrimental health consequences. Other charges included submission of fraudulent bills to Medicaid for substance abuse treatment services that either were never provided or were provided at a level so substandard that they failed to serve any treatment purpose. OIG coordinated with CMS to stop billions of dollars in fraudulent claims from being paid, substantially reducing the actual loss to the Government and taxpayers.

The impact of the 2025 takedown exemplifies the substantial value of OIG's deep expertise in health care fraud and of the close coordination and information sharing across agencies that enable OIG and its partners to stop health care fraud and protect patients.

## Managed Care

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Growth of managed care over the past several years has changed fundamental aspects of the Medicare and Medicaid programs. This significant shift has transformed how the Government pays for and covers health care for approximately 100 million enrollees.

OIG has a robust body of work and deep experience in managed care oversight, including expertise in Medicare Advantage payments. OIG has examined risks in payments made to Medicare Advantage organizations (MAOs), to date issuing more than 40 reports. For many of these reports, OIG audited specific diagnosis codes submitted by MAOs. OIG found that 75 percent of those codes were not supported by underlying medical records. In a series of reports on tools called health risk assessments (HRAs) and chart reviews, OIG initially raised concerns that MAOs could use these tools to generate \$9.2 billion in potential improper payments annually. OIG recently updated its work on HRAs and found that \$7.5 billion in payments were made for diagnoses from HRAs, furthering concerns that either the diagnoses were inaccurate and thus the payments improper or that enrollees did not receive needed care.

OIG's work contributed to multiple Medicare Advantage fraud settlements, including, for example, a DOJ settlement with The Cigna Group resulting in a historic \$172 million recovery from Cigna and its subsidiaries, and a settlement with Independent Health resulting in up to a \$98 million recovery. Both settlements were entered into to resolve allegations that the insurers submitted or caused the submission of invalid diagnosis codes to increase payments from Medicare. Experts at OIG, including investigators, auditors, evaluators, and data scientists, worked with Federal law enforcement partners and determined that both Cigna and Independent Health used questionable methods to increase payments. In addition to the settlements, OIG negotiated comprehensive corporate integrity agreements with the two entities that encouraged greater accountability and transparency, including through independent reviews of risk-adjustment data. These and other managed care enforcement actions will likely deter future fraud by other Medicare Advantage plan providers.

OIG's work has also identified improper payments made on behalf of Medicaid managed care enrollees. For example, OIG produced a series of reports on Medicaid capitation payments for people concurrently enrolled in more than one State Medicaid program and found potential annualized savings to the Medicaid program of \$1 billion (Federal and State shares). Concurrent enrollments can occur when a person moves from one State to another and enrolls in the new State's Medicaid program. Our audit found that nearly all States made capitation payments for people who were enrolled in Medicaid in two States at the same time. Following our work, policymakers have taken steps to reduce these duplicate payments. For example, Medicaid managed care work addressing duplicate payments caused by States not using or not having access to data resulted in a legislative fix that is estimated will save the Government \$17.4 billion over 10 years. Beyond savings related to reducing duplicate payments, certain provisions from the One Big Beautiful Bill Act implement other OIG recommendations that address Medicaid findings including errors involving eligibility redeterminations (\$58 billion in savings), reduction in erroneous payments (\$7.3 billion in savings), and reduction in spending related to health care provider taxes (\$182.7 billion in savings). In total, the Congressional Budget Office estimates the provisions will result in \$265.4 billion in savings across 10 years.

OIG's managed care work is guided by its [strategic plan](#) for oversight of managed care for Medicare and Medicaid. The goals of the plan are to: (1) promote access to care for people enrolled in managed care, (2) provide comprehensive financial oversight, and (3) promote data accuracy and encourage data-driven decisions.

## Grants and Contracts Oversight

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OIG has prioritized holding agencies, funding recipients, and subrecipients accountable for ensuring that HHS grants and contracts are used in accordance with Federal requirements, funds are appropriately spent, and HHS programs effectively and efficiently serve the people who depend on them.

OIG has identified grant and contract oversight as a challenge for HHS and has worked to drive positive change. An OIG audit found that ACF did not award a \$19 million contract to address the influx of unaccompanied alien children (UAC) in accordance with Federal requirements. Specifically, the contract was not competed, potentially denying the Federal Government an opportunity to receive higher quality services at a lower cost from another vendor, and the contract was administered in a manner that increased the risk of payment for services that were outside the scope of the contract and increased the risk that accountability for UAC program decisions would be lost. Finally, ACF did not review contractor invoices, resulting in payment of approximately \$5 million for potentially unallowable costs. A separate OIG audit found that HHS's Program Support Center (PSC) lacked effective cybersecurity controls to prevent bad actors from accessing the grant payment system by masquerading as grant recipients and requesting account changes resulting in the diversion of more than \$10 million. Key outcomes from the audit included PSC taking action to strengthen controls protecting the payment system, such as conducting fraud vulnerability scans, implementing a control environment that includes fraud mitigation, and working with the Department of the Treasury on automated verification of changes to account information.

OIG has a deep expertise in grant fraud and closely coordinates with its law enforcement partners. OIG worked with DOJ to reach a settlement totaling more than \$4 million with a pharmaceutical company in Seattle, Washington, that used falsified academic research to obtain grants from NIH to study age-related cognitive decline, such as Alzheimer's disease. The settlement demonstrates OIG's commitment to pursuing recipients that undermine the integrity of Federal funding decisions.

OIG uses data mining and analytics to conduct oversight. The Contracts & Grants Analytics Portal is a state-of-the-art analytics tool that OIG staff use to target grants and contracts at risk for fraud, waste, or abuse. The portal enables OIG to identify risks and trends in grant and contract awards; increase understanding of the complex organizational connections between funding recipients and subrecipients; and support data-driven audits, evaluations, and investigations. OIG uses an agile approach to advance the portal and integrate new analytic methods, including AI and machine learning, to identify and stay ahead of new grant and contract fraud schemes.

OIG oversees grants and contracts following the goals in our strategic plan, which are to: (1) strengthen compliance with requirements; (2) promote award practices that achieve intended program outcomes; and (3) enhance public trust in HHS awards by mitigating fraud, waste, abuse, and mismanagement.

## Nursing Homes

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OIG is committed to protecting nursing home residents and providing oversight of Medicare and Medicaid payments for their care. More than 15,000 nursing homes operate nationally, providing 1.2 million residents with either long-term care or post-acute care focused on recovery and rehabilitation. Many homes provide excellent care, but an alarming number of residents are subject to poor-quality care and unsafe conditions. Decades of OIG work on nursing homes has uncovered widespread

challenges in providing safe, high-quality care. More recently, OIG has conducted increased oversight of nursing homes' spending of Federal dollars.

One example has been sustained OIG attention to reducing the inappropriate use of antipsychotic drugs in nursing homes. As a result, we have seen substantial reductions in the use of these drugs in nursing homes, yet problems remain. OIG recently uncovered evidence that some nursing homes may be exploiting loopholes in CMS's monitoring and nursing homes' reporting on their antipsychotic drug use. OIG has work underway to better understand factors that contribute to drug misuse and CMS's actions to enforce compliance.

As a further example, OIG made important recommendations to CMS to improve Care Compare, CMS's website that provides crucial information for consumers about nursing homes. In response CMS added data to the Care Compare website about nurse turnover rates and staffing levels on weekends and began auditing the reliability of the non-nurse staffing data that it features in Care Compare.

Recent OIG work served to support nursing home compliance and to strengthen CMS oversight. In 2024, OIG published [Industry Segment-Specific Compliance Program Guidance for Skilled Nursing Facilities and Nursing Facilities](#) (Nursing Facility ICPG). This voluntary resource for the nursing home industry consolidates decades of OIG's oversight and recommendations specifically for nursing facilities. It underscores the critical importance of maintaining the highest standards of compliance, quality of care, and resident quality of life. The Nursing Facility ICPG is designed to help improve care for residents and ensure that taxpayers' investments in nursing home services are not misspent or wasted. In 2025, OIG evaluated CMS's Special Focus Facilities (SFF) program, the nation's flagship program to facilitate quality improvements in the poorest-performing nursing homes through increased oversight. OIG found that the SFF program did not yield lasting improvements and made recommendations to strengthen the program and enforcement actions that hold these struggling facilities accountable.

## Performance Goals and Outcomes

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Three outcome indicators of OIG's performance in fighting fraud, waste, and abuse and promoting economy, efficiency, and effectiveness in HHS programs and operations are:

- A 3-year rolling average of expected recoveries from OIG's HHS oversight activities that resulted in investigative recoveries and audit disallowances (post adjudication expected recoveries)
- A 3-year rolling average of the expected ROI from OIG's HHS oversight activities that resulted in investigative recoveries and audit disallowances
- Number of accepted quality and management improvement recommendations

These three outcome indicators reflect OIG's audits, evaluations, and investigations, as well as joint efforts with a network of program integrity partners. OIG audits and evaluations generate findings and recommendations intended to reduce costs, improve the efficiency and economy of programs, and promote the health and well-being of people HHS programs serve. OIG informs Congress and HHS officials of its actionable, reliable recommendations to protect and strengthen programs. OIG engages proactively with HHS officials and other decisionmakers to promote prompt and effective implementation of recommendations. OIG remains at the forefront of the Nation's effort to fight fraud

in HHS programs and hold wrongdoers accountable. Along with our partners, including DOJ, MFCUs, CMS, and various Federal, State, and local law enforcement agencies, OIG detects, investigates, and prosecutes fraud through a coordinated, data-driven approach.

## Key Outcomes and Outputs Tables

Key Outcomes	Year and Most Recent Result	FY 2026 Target	FY 2027 Target	FY 2027 +/- FY 2026
	Target for Recent Result (Summary of Result)			
OIG 1.1.1 - Expected recoveries resulting from OIG involvement in all oversight activities, 3-year rolling average (dollars in millions) (Outcome)	FY 2025: \$5,606 Dollars in Millions Target: \$5,084 Dollars in Millions (Target Exceeded)	\$5,630	\$5,130	(\$500)
OIG 1.1.2 - ROI resulting from OIG involvement in all oversight activities, 3-year rolling average (Outcome)	FY 2025: \$12.7 per \$1 Target: \$11.7 per \$1 <sup>8</sup> (Target Exceeded)	\$12.9:\$1	\$11.9:\$1	(\$1):\$1
OIG 1.1.3 - Number of quality and management improvement recommendations accepted (Intermediate Outcome)	FY 2025: 117 Target: 103 (Target Exceeded)	104	100	(4)
<b>Key Outputs</b>				
<b>Audits</b>				
OIG 2.1.1 - Audit products started (Output)	FY 2025: 120 Target: 101 (Target Exceeded)	97	101	4
OIG 2.1.2 - Audit products issued (Output)	FY 2025: 127 Target: 100 (Target Exceeded)	111	107	(4)
OIG 2.1.3 - Audit products issued within 1 year of start (percentage) (Output)	FY 2025: 27% Target: 17% (Target Exceeded)	24%	Retiring Measure	N/A
<b>Evaluations</b>				
OIG 3.1.1 - Evaluation products started (Output)	FY 2025: 40 Target: 39 (Target Exceeded)	37	37	0
OIG 3.1.2 - Evaluation products issued (Output)	FY 2025: 45 Target: 39 (Target Exceeded)	40	38	(2)

<sup>8</sup> In FY 2024, OIG updated the ROI methodology to include all oversight effects (PHHS and HCFAC). This ROI uses the 3-year rolling average methodology. For the 3 years ending in FY 2027, we anticipate our ROI will decrease because of reduced staffing and resource levels in FY 2025, FY 2026, and FY 2027.

OIG 3.1.3 - Evaluation products issued within 1 year of start (percentage) (Output)	FY 2025: 38% Target: 29% (Target Exceeded)	35%	Retiring Measure	N/A
<b>Investigations</b>				
OIG 4.1.1 - Complaints received for investigation <sup>9</sup> (Output)	FY 2025: 2,603 Target: 2,682 (Target Not Met)	2,467	2,355	(112)
OIG 4.1.2 - Investigative cases opened (Output)	FY 2025: 1,832 Target: 1,650 (Target Exceeded)	1,737	1,658	(79)
OIG 4.1.3 - Investigative cases closed (Output)	FY 2025: 1,855 Target: 1,730 (Target Exceeded)	1,758	1,678	(80)
<b>PL funding</b> (dollars in millions)	<b>\$454.76</b>	<b>\$460.41</b>	<b>\$446.69</b>	<b>(\$13.72)</b>

## Performance Information for PHHS Oversight

Key Outputs	FY 2025 Actual	FY 2026 Target	FY 2027 Target	FY 2027 +/- FY 2026
<b>Audits</b>				
Audit products started	30	21	19	(2)
Audit products issued	45	23	20	(3)
<b>Evaluations</b>				
Evaluation products started	2	7	7	0
Evaluation products issued	13	7	7	0
<b>Investigations</b>				
Complaints received for investigation <sup>10</sup>	486	501	444	(57)
Investigative cases opened	371	353	312	(41)
Investigative cases closed	343	357	316	(41)
<b>PL funding</b> (dollars in millions)	<b>\$93.5</b>	<b>\$93.5</b>	<b>\$84.2</b>	<b>(\$9.3)</b>

<sup>9</sup> "Complaints received for investigation" reflects incoming complaints OIG has processed.

<sup>10</sup> "Complaints received for investigation" reflects incoming complaints OIG has processed.

## Performance Information for Medicare and Medicaid Oversight

Key Outputs	FY 2025 Actual	FY 2026 Target	FY 2027 Target	FY 2027 +/- FY 2026
<b>Audits</b>				
Audit products started	90	76	82	6
Audit products issued	82	88	87	(1)
<b>Evaluations</b>				
Evaluation products started	38	30	30	0
Evaluation products issued	32	33	31	(2)
<b>Investigations</b>				
Complaints received for investigation <sup>11</sup>	2,117	1,966	1,911	(55)
Investigative cases opened	1,461	1,384	1,346	(38)
Investigative cases closed	1,512	1,401	1,362	(39)
<b>PL funding (dollars in millions)</b>	<b>\$361.3</b>	<b>\$366.9</b>	<b>\$362.5</b>	<b>(\$4.4)</b>

<sup>11</sup> "Complaints received for investigation" reflects incoming complaints OIG has processed.

# SECTION VI: OIG SPECIAL REQUIREMENTS

Inspector General Act (IG Act) section 6 (5 U.S.C. §406(g)) states:

(g)(1) For each fiscal year, an Inspector General shall transmit a budget estimate and request to the head of the establishment or designated Federal entity to which the Inspector General reports. The budget request shall specify the aggregate amount of funds requested for such fiscal year for the operations of that Inspector General and shall specify the amount requested for all training needs, including a certification from the Inspector General that the amount requested satisfies all training requirements for the Inspector General's office for that fiscal year, and any resources necessary to support the Council of the Inspectors General on Integrity and Efficiency. Resources necessary to support the Council of the Inspectors General on Integrity and Efficiency shall be specifically identified and justified in the budget request.

(2) In transmitting a proposed budget to the President for approval, the head of each establishment or designated Federal entity shall include –

- (A) an aggregate request for the Inspector General;
- (B) amounts for Inspector General training;
- (C) amounts for support of the Council of the Inspectors General on Integrity and Efficiency; and
- (D) any comments of the affected Inspector General with respect to the proposal.

(3) The President shall include in each budget of the United States Government submitted to Congress –

- (A) a separate budget statement of the budget estimate prepared in accordance with paragraph (1);
- (B) the amount requested by the President for each Inspector General;
- (C) the amount requested by the President for training of Inspectors General;
- (D) the amount requested by the President for support for the Council of the Inspectors General on Integrity and Efficiency; and
- (E) any comments of the affected Inspector General with respect to the proposal if the Inspector General concludes that the budget submitted by the President would substantially inhibit the Inspector General from performing the duties of the office.

The Inspector General appends the following comments pursuant to Sections 6(g)(2)(D) and 6(g)(3)(E) of the IG Act (5 U.S.C. 406(g)(2)(D) and 406(g)(3)(E)):

OIG is a sound investment of taxpayer dollars. OIG's FY 2025 return on investment was \$12.7 to \$1 in expected recoveries. HHS's current budget for its programs and operations is \$2.8 trillion. OIG's current budget for oversight of HHS spending is \$455 million, or .016 percent of HHS spending. OIG is responsible for providing independent, objective oversight of HHS's more than 100 programs, including Medicare and Medicaid, as well as grants and contracts spending at ACF, FDA, the Centers for Disease Control and Prevention, NIH, and other HHS operating divisions. Safeguarding HHS programs through OIG's enforcement and oversight is essential to protect the people they serve and American taxpayers from fraud, waste, and abuse.

OIG appreciates the Department's and the President's ongoing support of OIG's work and mission. With the proposed FY 2027 budget, OIG will continue aggressively to identify and prevent fraud, waste, and abuse and hold wrongdoers accountable. However, there is much more the OIG could do with resources beyond the FY 2027 proposed budget level within OIG's statutory enforcement and oversight responsibilities.

The proposed budget of \$446.7 million assumes \$8.1 million in savings from our FY 2025 operating level and \$13.7 million in savings from our FY 2026 enacted level. While consistent with the downward trajectory of discretionary spending across HHS, OIG mission demands continue to increase.

Additional funding would support critical law enforcement and oversight work nationwide in areas such as Medicaid, Medicare Advantage, global and technology-driven fraud, HHS grants and contracts programs, information blocking, Single Audit quality, and prescription drug fraud, as well as to be responsive to congressional requests, legislative mandates, and Department and Administration priorities, including addressing fraud in Minnesota and across the nation.

Additional resources would help OIG address approximately 400 to 450 viable fraud cases and over 5,000 hotline complaints each year (based on FY 2025) on which OIG is unable to follow up for lack of investigative resources. We expect that OIG will be unable to pursue at least 1,200 viable fraud cases over the next 3 years without adequate resources (based on 5 years of OIG data).

OIG projects a staff of 1,445 employees, the lowest staffing level for OIG over two decades, notwithstanding substantial increases in the size, scope, and public investment in HHS programs. OIG anticipates shortfalls in resources to invest in the advanced data analytics, technology, and AI tools necessary to combat and prevent modern, global health care fraud.

Additional required information:

- \$4 million is required for training.
- \$1.7 million is required to support the Council of the Inspectors General on Integrity and Efficiency.

HHS-OIG Fiscal Year 2027

# Justification of Estimates for Congress



Department of Health and Human Services  
Office of Inspector General

