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January 15, 2026

**ATTORNEY GENERAL'S REPORT TO THE LEGISLATURE
REGARDING THE COLORADO MEDICAID FALSE CLAIMS ACT
(C.R.S. 25.5-4-310)**

The Attorney General is required by C.R.S. § 25.5-4-310 to submit an annual report to the Joint Budget Committee and to the Health and Human Services Committees of the House and Senate concerning claims under the Colorado Medicaid False Claims Act. In accordance with that requirement, the Attorney General tenders this report for the State Fiscal Year that began on the 1st of July 2024, and ended on the 30th of June 2025 (“SFY 2025”).

First established in 1978, the Colorado Medicaid Fraud, Abuse & Neglect Unit (“MFANU” or “the Unit”) has been housed within the Attorney General’s Office since 1979. The MFANU is vested with statewide jurisdiction to investigate and prosecute waste, fraud, and financial abuse committed by Colorado Medicaid providers and to investigate and prosecute the abuse, neglect, and exploitation of patients.

The Colorado False Claims Act, C.R.S. § 25.5-4-303.5 *et seq.* (“CFCA”), is a powerful tool that allows the MFANU to pursue fraud and overpayments in the civil arena. While there are exceptions, fraud in the Medicaid program generally falls into one of three categories: billing for services that are not provided, overbilling for services that are provided, and billing for providing services for which there is no medical necessity. The types of practitioners that committed Medicaid fraud in SFY 2025, and the schemes that they devised, were diverse. In some of these investigations, fraudulent actions taken by Medicaid providers would not fit within Colorado criminal statutes. Absent another remedy, Colorado would not be able to recover dollars unlawfully taken from the Medicaid program.

For example, the MFANU investigated many different types of Medicaid providers involved in a wide array of schemes in SFY 2025. The MFANU pursued several criminal and civil investigations into eye vision clinics that (1) double-billed for aspheric and spheric lenses and/or (2) provided (the more expensive) aspheric lenses when not medically necessary. In a federal and multi-state qui tam case involving kickbacks and medically unnecessary cancer genetic tests, MFANU civil attorneys settled on the eve of trial for a total of \$42,276,862.^{10.1} Criminal attorneys prepared for trial against the owners of a company that overbilled Medicaid for home care services by approximately \$700,000. Other investigations involved home health care providers who claimed to provide services when the beneficiary was in the hospital or while the providers were traveling; a Durable Medical Equipment biller who billed for adult formula far in excess of any possible or reasonable caloric intake, resulting in overpayments of approximately \$1.5 million dollars; and a neuromonitoring company and associated individuals who paid monetary kickbacks to surgeons to induce them to choose their services. Other fraud trends included wrongdoing by providers of adult day care services, drug panel urine tests, and non-emergent medical transportation services.

Using the CFCA, the MFANU was able to continue actively working investigations that were not viable under the state criminal statutes in SFY 2025, both locally within Colorado and externally via interstate federal court cases. The Unit opened **52** new civil cases and settled **16** civil cases that involved Medicaid providers.

In the reporting period, MFANU secured orders through litigation or settlement in the amount of **\$45,645,088.85** in civil actions under the CFCA, which included **\$45,586,621.85** in global,² multi-state civil matters and **\$58,467.00** in non-

¹ Note, however, that a default judgment against the corporate defendant accounts for slightly over \$34 million of the total reportable recoveries in this matter, and consent judgments against two other defendants account for an additional \$8.2 million. It is unlikely that more than a small fraction of this award will be collected.

² Per the National Association of Medicaid Fraud Control Units (“NAMFCU”), a case is considered “global” when NAMFCU has appointed a multi-state settlement or investigations team, and the team has reached a successful judgment.

global, local civil matters. The Unit has been able to collect the amount of **\$1,736,967.02** from providers in civil matters. No litigation costs were recovered, but it should be noted that **\$34,734,090.87** of the **\$45,645,088.85** in recoveries consisted of damages, penalties, and interest that were assessed against providers. These settlements produced the appropriate result without the need for initiating civil litigation. To the extent that litigation costs were incurred, the costs were not extraordinary and are balanced out by the fact that these cases likely would not have been pursued in the absence of the CFCA.

The MFANU received 75 percent of its funding from the U.S. Department of Health and Human Services under a grant award totaling \$3,858,544.00 for Federal fiscal year (FFY) 2024-2025. The remaining 25 percent, totaling \$1,286,181.00 for FFY 2025, is funded by the State of Colorado. The costs out of this budget for salaried investigators and attorneys to investigate civil cases are difficult to determine because cases often begin as criminal investigations before being reclassified as a civil inquiry, while others may be shared between criminal and civil groups.

Investigations (Civil & Criminal) SFY 2025:

Type of Investigation	# of Closed Investigations	# of New Investigations
Fraud	139	120
Drug Diversion	3	0
Abuse, Neglect, Financial Exploitation	21	20
TOTAL	163	140³

³ This number reflects only opened investigations. It does not include any matters referred to the MFANU that are still queued for an initial review and determination regarding whether an initial investigation should be opened.

Criminal Actions:

Complaints Filed	Criminal Convictions	Restitution Ordered	Restitution Collected⁴
3	4	\$192,306.51 ⁵	\$22,228.83

Civil Actions:

Complaints Filed	Judgments & Settlements	Global Settlements
0	16	13

Civil Recoveries	Principal State Recovery	Damages, Penalties, and Litigation Costs	Recoveries Collected⁶
\$45,645,088.85	\$10,910,997.98	\$34,734,090.87	\$1,736,967.02

Summary:

In SFY 2025, the Unit recovered a total of \$45,784,387.36⁷ in fraudulent Medicaid billing for the State of Colorado while operating on a state budget of \$4,651,861.33.⁸

Additionally, it should be noted that if Medicaid providers responsible for improper billings had not been identified, then the fraudulent activity would have continued and the losses to the Medicaid program would have been far higher than the amounts that were recovered. The Legislature's appropriation has been used

⁴ In criminal matters, the Court generally establishes repayment guidelines for the defendant after his or her conviction, and typically issues payment plans based upon the defendant's ability to pay. As such, the data in this column reflects total payments received by the MFANU for criminal restitution during SFY 2025, including payments received for cases sentenced in prior state fiscal years. In addition, all MFANU collection activities over and above court guidelines are held in abeyance until such time as the defendant has completed repayment or there has been a violation of the guidelines.

⁵ Note that \$139,298.51 in restitution was ordered to Medicaid; \$53,008.00 was ordered to a different state agency.

⁶ In some civil matters, providers might pay the State Medicaid program directly. These amounts are not included in this total.

⁷ This number represents both civil recoveries and criminal restitution ordered during SFY 2025.

⁸ See SB 24-1430 (Long Bill).

effectively as measured by the monetary value returned to the State and a reduction in fraud within the Medicaid program. The MFANU and the Attorney General's Office continue to diligently pursue providers who commit fraud and financial abuse against the State's Medicaid program.

FOR THE ATTORNEY GENERAL,

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