

# UnitedHealth Group Is Under Criminal Investigation for Possible Medicare Fraud

Company's stock has declined over financial performance and sudden replacement of CEO

The probe of UnitedHealth adds to a list of government inquiries the company is facing.

## Key Points

- The DOJ is investigating UnitedHealth Group for possible criminal Medicare fraud related to its Medicare Advantage business.
- The investigation adds to other government inquiries into UnitedHealth, including potential antitrust violations.
- UnitedHealth faces pressure from investigations, a stock price decline and a recent CEO change.

The Justice Department is investigating [UnitedHealth Group](#) for possible criminal Medicare fraud, people familiar with the matter said.

The healthcare-fraud unit of the Justice Department's criminal division is overseeing the investigation, the people said, and it has been an active probe since at least last summer.

While the exact nature of the potential criminal allegations against UnitedHealth is unclear, the people said the federal investigation is focusing on the company's Medicare Advantage business practices.

UnitedHealth said in a statement it hadn't been notified by the Justice Department of the criminal investigation. The statement said the company stands "by the integrity of our Medicare Advantage program."

A DOJ spokesman declined to comment.

The criminal probe adds to a list of government inquiries into the company, including investigations of [potential antitrust violations](#) and a [civil investigation](#) of its Medicare billing practices, including at its doctors' offices, that The Wall Street Journal first reported in February.

UnitedHealth is seeking to recover from a meltdown of its stock over its financial performance and the sudden replacement this week of its chief executive officer, Andrew Witty, with its chairman and former CEO, Stephen Hemsley. UnitedHealth's stock has declined by more than 50% over the past month. Thursday, it fell 16% and was poised for its lowest closing price since 2020.

Last year, the company faced a hack of a technology unit that disrupted payments to many U.S. health providers for months, and the killing of its top insurance-arm executive.

All of this comes as the Trump administration and Congress look to cut federal health spending, a key source of UnitedHealth's success. In March, U.S. senators grilled Mehmet Oz, now the Medicare and Medicaid agency head, during his confirmation hearing on the findings of a Wall Street Journal investigation of practices of [Medicare Advantage insurers](#) such as UnitedHealth. Oz [pledged a crackdown](#).

The criminal investigation could pose an additional challenge to UnitedHealth in the midst of a deep deficit of trust among shareholders, regulators and customers.

The Justice Department's criminal healthcare-fraud unit focuses on crimes such as kickbacks that trigger higher Medicare or Medicaid payments.

The fraud unit has offices in more than a dozen cities, but is managed from DOJ's headquarters in Washington, D.C. Prosecutors are working on the criminal investigation of UnitedHealth from the fraud unit's office in New York, the people familiar with the investigation said.

For years, the unit focused on busting doctors, laboratories and other service providers who overbill government health programs and insurers.

But the unit has turned its focus to insurers in the Medicare Advantage system, where they now oversee taxpayer-funded benefits for more than half the seniors and disabled people in the broader Medicare program, people familiar with the matter said.

Medicare Advantage insurers are paid extra for covering sicker patients, creating an incentive to document diagnoses for patients they cover. In some cases, the Journal's reporting has shown, questionable diagnoses by UnitedHealth added billions to taxpayers' costs.

The company disputed the Journal's findings, saying that its analysis was "inaccurate and biased," and that Medicare Advantage "provides better health outcomes and more affordable healthcare for millions of seniors" than traditional Medicare.

UnitedHealth's latest annual securities filing says the company "has been involved or is currently involved in various governmental investigations, audits and reviews," and flags involved agencies including the Justice Department. It doesn't specifically mention the criminal, civil and antitrust probes on which the Journal has reported.

UnitedHealth dismissed the Journal report in February revealing the [civil Medicare fraud investigation](#) into the company as "misinformation" and said that it wasn't aware of a "new" probe.

A March 11 email, revealed in a lawsuit by a UnitedHealth investor, shows a company lawyer acknowledging that "the government has asked us some questions regarding Optum's coding practices," referring to the Medicare billing practices of UnitedHealth's healthcare services arm, which includes its doctor groups.

The email, cautioning a former UnitedHealth employee on the possibility of being contacted by the government, described the investigation as "in the early stages."

A UnitedHealth spokesman said last week that the company stood by its February statement and declined to comment on the email.

The DOJ has struggled to make its case in fraud claims against UnitedHealth in the past. In March, a court-appointed special master recommended that a judge effectively dismiss a whistleblower case against UnitedHealth after concluding the government hadn't presented evidence that patient diagnoses submitted for payment were inaccurate. The judge in the case hasn't yet ruled on the recommendation.

That civil case, brought by a former UnitedHealth employee turned whistleblower in 2011 and joined by the government in 2017, concerned claims that UnitedHealth submitted \$2 billion worth of diagnoses recorded by doctors that its own reviewers determined weren't supported by patients' medical charts. The DOJ asked the judge to reject the special master's recommendation. UnitedHealth said the finding showed "there was no

evidence to support the DOJ's claims we were overpaid or that we did anything wron