Vance presses Justice Department to investigate hospitals over transgender care

The Trump administration alleges that some hospitals are incorrectly billing for gender-affirming care.

Vice President JD Vance wants the Justice Department to investigate hospitals that may have incorrectly billed insurers for gender-affirming care for minors. | AP

By **ROBERT KING** - Politico
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Vice President JD Vance is taking on two administration priorities in one go: cracking down on health care fraud and restricting transgender care.

Vance sent the Justice Department a report issued Thursday by the Department of Health and Human Services accusing hospitals of incorrectly billing insurers for transgender health care procedures — such as prescribing puberty blockers or hormone therapy to minors — in order to make a profit.

"Some pediatric gender clinics and children's hospitals have apparently used misleading or even fraudulent diagnostic and billing codes to ensure that insurance companies will cover the procedures," Vance, the head of the White House's Anti-Fraud Task Force, wrote in a letter Thursday asking Attorney General Todd Blanche to launch an investigation into dozens of hospitals nationwide.

The report, "Wolves in White Coats: How Doctors and Hospitals Pushed and Profited from the Fraud of 'Gender Medicine,'" comes two days after the Centers for Medicare and Medicaid Services cut off Medicaid funding to hospitals that offer gender-affirming care for minors.

It was also released alongside a short documentary produced by HHS featuring testimonials from young people who said they regretted the gender-

affirming care they received — an effort to bolster the Trump administration's argument that certain adults are preying on children who don't yet know enough to offer their full consent for certain treatments.

Several leading provider groups, such as the nation's largest doctor group, the American Medical Association, and American Academy of Pediatrics support gender-affirming care and charge that CMS' actions are baseless and could pose major harm to patients.

"Allowing the government to determine which patient groups deserve care sets a dangerous precedent, and children and families will bear the consequences," AAP President Susan J. Kressly said in a statement when CMS first proposed the restrictions.

The new report from HHS goes further to suggest doctors may not be driven only by "woke" ideology but also corporate greed. It argues hospitals and health systems use upcoding to inflate bills linked to gender-affirming care.

Upcoding involves using more lucrative diagnostic codes to reap greater reimbursement from insurers or government programs such as Medicare or Medicaid for certain services.

The report alleges many providers may be using incorrect diagnostic codes to get insurance coverage for gender-affirming care procedures, which aren't always covered by commercial insurance. HHS analyzed claims in a nationwide database from 2015 to 2025 and found that public and private insurance was billed nearly $50 million for puberty-blocking drugs for patients ages 9 to 17 who had an endocrine disorder diagnosis.

The report also contends that providers have used this endocrine disorder diagnosis code in place of a gender-related diagnosis code, such as one for gender identity disorder. Sometimes providers use a less specific diagnosis code to better ensure the procedure will be covered by insurance, the report's authors claim.

The data "strongly suggests a pattern of potentially fraudulent billing that relies on miscoding for endocrine disorders to justify the prescription of puberty blockers," the authors continue.

There's a similar issue, according to the report, with "precocious puberty," where a child starts puberty earlier than normal, being used as a proxy diagnosis to prescribe puberty blockers.

HHS said its analysis showed more than 30 hospitals, clinics and pharmacies nationwide billed for puberty-blocking drugs using a non-specific hormone disorder diagnosis.

Vance, in his letter Thursday to Blanche, said he referred the full report to the Justice Department to determine whether the providers it identified "violated federal law, regulations, or policies."

The Justice Department did not immediately return a request for comment.

Incorrect diagnosis coding is a persistent issue within health care, but it remains unclear whether the coding errors listed in the report were due to fraud — or merely mistakes. The Justice Department has investigated health systems and insurers for incorrect diagnosis coding in recent years, most notably in the privately run Medicare Advantage program.

In January, the Justice Department announced it made more than $5.7 billion in health fraud recoveries. Some of those recoveries stemmed from illegal kickbacks by insurers to brokers to boost enrollment, but others were linked to unsupported or invalid diagnosis codes.

The referral is the latest bid by the Trump administration to get hospitals and health systems to halt gender-affirming care to minors. CMS finalized a rule on Tuesday that cut off Medicaid and Children's Health Insurance Program funding for gender-affirming care for minors, charging there isn't enough clinical data to support the procedures.

CMS tried in a proposed rule released in December to kick hospitals and health systems that performed gender-affirming care procedures on minors out of the Medicare and Medicaid programs, but a federal court blocked the move. Some health systems have voluntarily decided to stop offering the care.