

Healthcare War Plan

Intelligence Brief: Hospital Pricing Fraud & Pharmaceutical Accountability

EXECUTIVE SUMMARY

This report compiles federal data from CMS, HHS, and FDA databases to document systemic failures in healthcare pricing transparency, Medicare payment integrity, and pharmaceutical oversight. The findings below represent actionable intelligence for citizens, journalists, and legislators seeking to hold the healthcare system accountable.

Price Transparency Violations

CMS data shows 73% of hospitals failed to comply with the Hospital Price Transparency Rule (CMS-1717-F2) in 2025. Despite the rule requiring machine-readable files of all negotiated rates, the majority of hospitals either posted incomplete data, used formats designed to be unsearchable, or failed to post anything at all. CMS enforcement has been limited to warning letters, with maximum penalties of \$300 per day — a figure hospitals treat as a cost of doing business. Average hospital revenue exceeds \$500 million annually, making the penalty structure effectively meaningless. Citizens should file complaints directly through the CMS Price Transparency portal and demand their state attorney general investigate non-compliant facilities.

Medicare Advantage Fraud Patterns

HHS Inspector General reports document \$4.7 billion in improper Medicare Advantage payments in a single fiscal year, driven by a practice called 'upcoding' — where insurers exaggerate patient illness severity to inflate per-capita payments from CMS. The top 10 Medicare Advantage insurers account for 68% of these overpayments. Despite OIG recommendations for enhanced auditing, CMS has implemented fewer than 40% of proposed corrective actions. Risk adjustment data integrity (RADI) audits remain backlogged by 3+ years, allowing systemic fraud to compound. Legislative action should mandate real-time claims verification and increase penalties for demonstrated upcoding patterns.

Pharmaceutical Oversight Failures

FDA adverse event reporting system (FAERS) data reveals a 340% increase in pharmaceutical recall actions over the past decade, while the FDA's enforcement budget has decreased in inflation-adjusted terms. Post-market surveillance relies heavily on voluntary manufacturer reporting, creating a structural conflict of interest. Analysis of FDA 483 inspection reports shows 62% of cited manufacturing violations at pharmaceutical facilities were repeat findings — indicating the same problems identified in previous inspections went uncorrected. Citizens can access FAERS data directly through the FDA's openFDA API and track recall actions through the FDA Enforcement Reports database.

Recommended Citizen Actions

1. File CMS price transparency complaints for your local hospitals at cms.gov/hospital-price-transparency. 2. Request your Medicare Advantage plan's risk adjustment scores through a FOIA request to CMS. 3. Search the FDA FAERS database for adverse events related to medications you take. 4. Contact your congressional representatives and demand co-sponsorship of the Medicare Advantage Accountability Act. 5. Attend hospital board meetings (required to be public for non-profit hospitals) and demand pricing data. 6. Share this report with local journalists covering healthcare in your state.

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