

# Mostly Medicaid's Clay Farris to Actuaries: 'Only About 50 Cents of Every Medicaid Dollar Actually Reaches Members'

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Mostly Medicaid's Clay Farris to Actuaries: "Only About 50 Cents of Every Medicaid Dollar Actually Reaches Members"

At the Society of Actuaries Health Meeting in Washington, D.C., Farris and Colby Schaeffer, ASA, MAAA, pressed the actuarial profession to own its role in Medicaid fraud, waste, and abuse — and to lead the fix while the window is still open.

WASHINGTON, D.C. — July 3, 2026 — Mostly Medicaid Managing Partner and Founder Clay Farris joined actuary Colby Schaeffer, ASA, MAAA, on Monday, June 29, for Session 5B: Medicaid Fraud Risk — Best Practices & Professionalism, a featured session at the Society of Actuaries (SOA) Health Meeting in Washington, D.C. The session, moderated by Gregory G. Fann, FSA, FCA, MAAA, reviewed definitions and trends for Fraud, Waste, and Abuse in the Medicaid program.

Farris — who has covered Medicaid fraud, waste, and abuse at a detailed level, every week, for two decades — used the session to lay out an uncomfortable estimate: by his analysis, only about 50 cents of every Medicaid dollar actually reaches member services. The rest, he argued, is lost to a mix of fraud, waste, abuse, and profiteering that the industry has been slow to name and slower to measure.

"We were told we had High Priests of math keeping the Medicaid program safe," Farris said. "Instead, weak definitions and a failure of common-sense accountability let fraud, waste, and abuse get baked right into the capitation rates."

A debate with no agreed-upon words. A central theme of the session was that the core terms of the Medicaid integrity debate have never been fully defined. Federal regulation (42 CFR § 455.2) defines fraud and abuse — but "waste" is never defined in the rule at all. And - according to Farris - the definitions we do have for fraud and abuse are inadequate. He called out cases of abuse of things like provider taxes and 340B as examples of gaming a system meant for good to instead be for revenue maximization.

A problem now impossible to ignore. Schaeffer and Farris walked the room through a wave of

2025–2026 enforcement actions that has moved Medicaid integrity from a niche concern to national news: a \$1.3 billion federal payment deferral to California — the largest CMS has ever made — plus deferrals and audits touching Minnesota, Maine, North Carolina, Kentucky, and a federal fraud probe that has now expanded to at least 10 states. In FY2025, state Medicaid Fraud Control Units reported nearly \$2 billion in recoveries and more than 1,180 convictions — a figure that, both presenters noted, still represents only the fraud that gets caught and prosecuted.

A constructive turn. Schaeffer, Founding Partner and State Medicaid Lead at incline Actuarial Group and a former Chief Actuary for Arizona’s Medicaid agency, grounded the session in the actuary’s real vantage point: actuaries are not fraud investigators, but they sit at the intersection of the data, the payment systems, and the methodology, and are often the first to see something that doesn’t add up. The session closed with a practical toolkit for spotting anomalies in the data and escalating them appropriately — and with a challenge to the profession.

“Actuaries are no longer going to get by on ‘just the math,’” Farris said. “They’re closer to this data than anyone, and I think they have maybe six months to take a real leadership position on the fix. That takes three things — ownership, courage, and speed. I’ve yet to meet an actuary who isn’t capable of all three.”

Farris also called on the SOA to do something the field has never done: set a baseline estimate for fraud, waste, and abuse — separately — so the profession is measuring the problem instead of talking around it.

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## About Mostly Medicaid

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## Media Contact

Sarai  
Mostly Medicaid  
[mostlymedicaid.com](https://www.mostlymedicaid.com)

Clay Farris  
MostlyMedicaid Main Office  
[email us here](#)

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