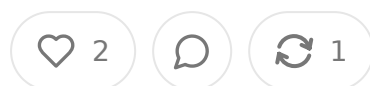
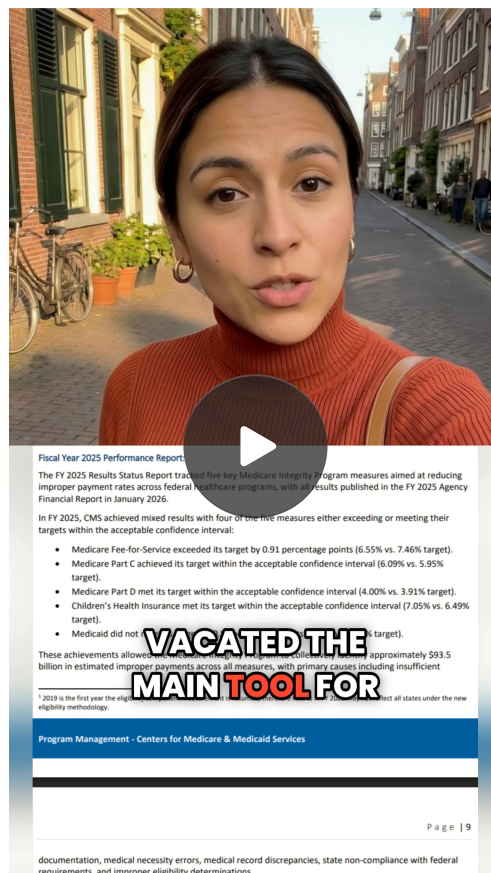


Reading the HHS FY2027 Performance Plan as a Payment Integrity Market Map: Why the Vacated RADV Rule and \$93.5B Improper Payment Pile Separate Incumbent Revenue From Startup Whitespace

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Part I: Reading the HHS FY2027 Performance Plan as a Payment Integrity Market Map: Why the Vacated RADV Rule and a \$93.5B Improper Payment Pile Separate Incumbent Revenue From Startup Whitespace

CMS flagged ~\$93.5B in improper payments across 5 programs. A Texas court just vacated the rule designed to claw it back. This is not a compliance story. It is a market structure story...

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Abstract

This essay reads the HHS FY2027 Agency Performance Plan and FY2025 Report payment integrity market map, run through one operating doctrine: mandates w

organized supply are incumbent revenue, mandates with abandoned supply are startups.

Anchors worth memorizing:

- Program integrity is one of three HHS Agency Priority Goals. The strategic is literally named “Crushing Fraud.”
- The Fraud Prevention System booked \$207M in prevented improper payment FY2024 against a \$65M target, up from \$86.4M in FY2021. Out-year targets \$142.2M, \$155.1M, \$168.1M, now on a rolling 3-year average.
- Across the five headline measures, CMS flagged roughly \$93.5B in estimated improper payments.
- FY2025 results: Medicare FFS 6.55 percent (beat), Part C 6.09 percent (met in range), Part D 4.00 percent (met in range), CHIP 7.05 percent (met in range), Medicaid 6.12 percent (missed).
- On September 25, 2025, a federal court in the Northern District of Texas vacated parts of CMS’s 2023 RADV Final Rule. CMS says it is “evaluating implications” while planning to expand RADV audits to all MA contracts.

The argument in one line: the biggest pool of overpayment in the system is the least measured and just got harder to claw back, the incumbent recovery model is structurally built for the wrong era, and the disruption is where new entrants face

A doctrine, applied to a compliance document

Nobody writes a GPRA performance report hoping it will move markets. It is a homework assignment the government files because a 1993 statute and its 2010 update say it must. But a homework assignment written under oath is exactly the thing an investor should read, because the buyer is legally required to disclose what is trying to fix, how badly it is failing, and roughly what it plans to spend money on about it. Most people skim the mission statement and leave. The useful readers get

straight to the sentences with the words backlog, methodology change, litigation target not met, because those are the sentences that reprice a market.

Run the whole thing through a simple filter. Mandates with organized supply are incumbent revenue. Mandates with abandoned supply are startups. A mandate is a legal requirement to do something, measure something, or recover something. supply chain to satisfy that mandate is already built, staffed, and contracted, the mandate is a coupon the incumbents clip every year. If the supply is thin, disorganized, or freshly disrupted, the mandate is whitespace, and whitespace is where new companies get funded. Program integrity is the richest test case in the entire document, because it is a stack of mandates, some with supply so organized basically an oligopoly, and some with supply so abandoned that CMS is openly asking for help in writing.

So the question this essay actually cares about is not whether fraud is bad. Everyone agrees fraud is bad. The question is where the supply is organized and where it isn't because that boundary is the only thing that tells a founder or an investor whether they are staring at a moat they can never cross or an open field nobody is standing



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