



FWA Reimagined: Protecting Medicaid in a New Era

Prevent. Predict. Protect.

How Medicaid leaders can move beyond reactive recovery to strengthen stewardship, improve resilience, and protect resources for the people and communities they serve.



Table of Contents

Executive Summary	03
A New Era of Medicaid Program Integrity	04
From Reactive Recovery to Intelligent Risk Management	05
A Practical Framework for Modern FWA	06
Recover: Strengthen the Foundation	06
Detect: Turn Data into Intelligence	07
Prevent: Move Closer to the Point of Risk	08
Optimize: Build a System That Gets Smarter Over Time	09
How AI and Advanced Analytics Are Expanding What Is Possible	10
Turning Strategy Into Action	11
Strengthen Eligibility Verification	11
Enhance Provider Screening and Oversight	11
Unlock More Value from Existing Data	11
Connect Post-Payment Findings with Prevention	11
Address Root Causes, Not Symptoms	11
Conclusion	12



Executive Summary

Medicaid program integrity has entered a new era. States face intensifying scrutiny, mounting fiscal pressure, and workforce shortages while being asked to protect more with less. Compliance remains essential. But the work has grown bigger than compliance. It is now about stewardship, payment accuracy, and stopping losses before they happen, because every dollar lost to fraud, waste, abuse, or error is a dollar that never reaches the people Medicaid serves.

Consider where the losses actually come from. Fraud gets the headlines, but documentation and administrative issues drive most of Medicaid's improper payments. The largest opportunity is not where most of the attention goes.

States have spent decades building strong recovery operations, and that work still matters. But a model built to chase dollars after they leave the system was designed for a different era. The good news is that states are not starting over. Most already hold the pieces. What has been missing is the connection between them.

AI and advanced analytics now make it possible to connect signals across providers, members, claims, encounters, managed care, and policy at a scale no team could reach manually, surfacing the patterns that matter and routing them to the people who can act. The technology does not replace expertise. It extends it. Investigators, clinicians, and analysts remain in the lead, applying the judgment, context, and accountability that defensible decisions require.

The future of FWA will not be defined by how well states recover improper payments. It will be defined by how well they see risk coming, stop it, and turn every finding into a stronger program. The building blocks are already in place. The opportunity is to connect them.

A New Era of Medicaid Program Integrity

Medicaid program integrity has always evolved alongside changing risks, policies, and technologies. Today, however, the pace and scale of change are creating a clear inflection point for state agencies.



Federal and congressional attention on accountability, transparency, data sharing, and improper payments continues to intensify. At the same time, states face broader fiscal pressures, workforce shortages, growing program complexity, and increasing expectations from beneficiaries, providers, and policymakers. Program integrity teams are being asked to protect more resources with limited staff and constrained budgets.

Historically, program integrity efforts were designed to meet compliance requirements, identify improper payments, and recover funds after issues occurred. Recovery programs, investigations, audits, and oversight activities have produced meaningful results and remain critical components of a strong integrity strategy. However, many of these capabilities evolved independently, shaped by funding streams, regulations, procurement cycles, and organizational structures.

As a result, important activities often operate in silos. Recovery efforts may uncover patterns that never

inform prevention strategies. Provider screening teams may hold information that is not consistently shared across programs. Advanced analytics may exist, but their impact is limited when data remains fragmented or difficult to access. These challenges are not unique to any one state. They reflect the reality of many Medicaid programs.

At the same time, risk is becoming more complex. Fraud remains a concern, but many vulnerabilities emerge across provider behavior, member eligibility, managed care oversight, documentation practices, operational processes, and policy implementation. In fact, waste, abuse, and administrative errors account for [around 77% of improper payments](#), highlighting the need for a broader view of program integrity.

Traditional approaches are still needed, but they are increasingly insufficient. Recovery programs cannot fully address the causes of improper payments. Investigations alone cannot keep pace with growing volumes of data and sophisticated risks. Manual processes cannot provide the speed, scale, and insight needed to identify patterns across millions of transactions.

The opportunity for states is not to replace proven capabilities, but to connect and strengthen them. Modern program integrity requires a balanced approach in which recovery informs detection, detection strengthens prevention, and insights drive continuous improvement.

Ultimately, the agencies best positioned for success will not necessarily be those with the largest budgets or staff. They will be the ones that take a more connected, proactive approach to managing risk, protecting resources, and strengthening confidence in the Medicaid programs they serve.

From Reactive Recovery to Intelligent Risk Management

States have invested decades in building postpayment capabilities and many of those activities are required by statute or regulation. Audit programs, investigations, medical record reviews, coordination of benefits, and recovery efforts remain foundational elements of program integrity.

But recovering dollars after they have already left the system is inherently less efficient than preventing losses in the first place. Moving upstream toward prevention, “shifting left”, addresses vulnerabilities before improper payments occur.

That reality is changing how many leaders think about program integrity. Increasingly, the conversation is moving beyond isolated functions and toward managing risk across the full Medicaid ecosystem. Leading organizations are adopting an ecosystem intelligence view of program integrity, connecting signals across providers, members, claims, managed care programs, and policy to see risk more clearly and act more effectively. Increasingly, that requires visibility across both fee-for-service and managed care environments, where risks may emerge across multiple payment and delivery models.

Program integrity activities often evolved independently. Recovery, provider oversight, analytics, and investigations each delivered value, but they were not always fully connected.

Intelligent risk management brings those capabilities together. Rather than measuring success solely by dollars recovered, it focuses on reducing future losses and strengthening the entire integrity ecosystem. This approach also strengthens the ability to deliver results that are auditable, explainable, and defensible to regulators and oversight bodies.

Programs become stronger when postpayment findings shape future controls. Investigations become more effective when analytics identify patterns earlier. Provider oversight improves when information is shared across functions. Recovery informs detection. Detection strengthens prevention. Insights become action.

The strongest programs also use findings to address the root causes of improper payments. Policy gaps, workflow breakdowns, provider behavior, eligibility issues, and operational weaknesses should not be allowed to generate the same losses repeatedly. Every finding should help strengthen the system and reduce recurrence.

Advanced analytics, automation, and artificial intelligence are expanding the ability to uncover hidden relationships, identify emerging risks, prioritize opportunities, and route issues to the appropriate response. These capabilities help organizations work at greater speed and scale while strengthening coordination and prevention. Experienced investigators, analysts, clinicians, and program integrity professionals remain essential, bringing the judgment, context, and accountability required for defensible decisions.

The result is a system that becomes stronger with every insight. Recovery informs prevention. Prevention reduces future losses. Intelligence moves across functions. Actions are coordinated. And every activity contributes to a more resilient, accountable, and effective Medicaid program.

A Practical Framework for Modern FWA

Recover: Strengthen the Foundation

Recovery remains a cornerstone of program integrity.

Postpayment activities have delivered value for decades. Audits, investigations, medical record reviews, coordination of benefits, and recovery efforts help states identify improper payments and return dollars to the program.

These activities remain essential. In many cases, they are required. In all cases, they provide valuable insight into where vulnerabilities exist.

Strong recovery programs deliver more than financial returns. They create intelligence. Findings from postpayment reviews reveal patterns, expose weaknesses, and provide critical information about how improper payments occur.

Dollars recovered are dollars that have already left the system. The most effective programs view recovery as the beginning of learning. Every recovery should generate insight that strengthens future controls, informs prevention efforts, and reduces recurrence.

Recovery will always matter. But stronger programs recognize that recovering dollars is only one part of protecting them.

What Leading Organizations Are Doing



Using postpayment findings to strengthen future actions.



Sharing insights across functions.



Treating recovery as a source of intelligence.

Detect: Turn Data into Intelligence

Modern Medicaid programs generate extraordinary amounts of information. Claims data, provider information, eligibility records, historical findings, and external data sources all contain valuable insight.

Detection capabilities transform data into intelligence. Analytics, investigations, provider monitoring, and cross-program collaboration help identify unusual activity, prioritize resources, and strengthen oversight. When information is connected across Medicaid, patterns emerge that are difficult to identify when activities are viewed independently.

Detection efforts have historically been reactive. Patterns may only become visible after losses occurred, and information may reside in multiple systems, making it difficult to connect insights across functions.

Advances in analytics are changing what's possible. States can identify anomalies earlier, uncover relationships that would be difficult to detect manually, and focus resources where they can deliver the greatest value. **The objective is not to generate more alerts. It is to distinguish true risk from noise so investigative capacity goes to the cases that warrant it.**

Experienced investigators and analysts will remain indispensable. Better intelligence simply enables them to work more effectively. Detection strengthens oversight. But insight alone does not prevent losses. That requires moving upstream.

What Leading Organizations Are Doing



Leveraging analytics to identify emerging risks earlier.



Connecting insights across programs and functions.



Prioritizing activities based on risk and impact.

Prevent: Move Closer to the Point of Risk

Every improper payment prevented is more valuable than one recovered.

That simple truth is driving greater emphasis on prevention across Medicaid programs. Eligibility verification, provider enrollment and screening, prepayment analytics, claims editing, and targeted reviews all help address vulnerabilities before payments occur.

Prevention represents one of the greatest opportunities for strengthening program integrity. It also represents one of the greatest opportunities to improve efficiency and reduce provider abrasion.

Many states operate within existing procurement structures and legislative requirements. Resources are limited and transformation takes time. Progress does not require perfection.

Some of the highest-value opportunities involve practical steps that can begin immediately. Strengthening eligibility verification, enhancing provider screening, applying analytics to identify high-risk claims, and improving coordination across teams can create meaningful impact. Prevention opportunities increasingly extend across both fee-for-service and managed care environments, where stronger oversight and earlier intervention can help reduce future losses.

Effective prevention extends beyond claims. Member verification, provider oversight, policy review, and education can all help address vulnerabilities before they become recurring problems. The greatest gains occur when insights move beyond individual activities and drive coordinated action across the program.

The objective is not to eliminate postpayment activities. The objective is balance. The stronger the preventive capabilities, the fewer improper payments need to be recovered later. Over time, the greatest gains come when these activities reinforce one another and the entire system becomes stronger with every insight.

What Leading Organizations Are Doing



Strengthening eligibility verification and provider oversight.



Expanding preventive controls where they deliver the greatest value.



Reducing provider abrasion while improving integrity.

Optimize: Build a System That Gets Smarter Over Time

Optimization is where program integrity becomes truly transformative.

At this stage, programs move beyond isolated activities and begin operating as connected systems. Recovery findings inform analytics. Analytics strengthen prevention. Prevention reduces future losses. Insights flow across functions, and each activity reinforces the others.

The result is continuous improvement. The greatest value comes when organizations move beyond individual recoveries and address the underlying drivers of recurring errors, waste, and abuse. Eliminating root causes creates lasting value and strengthens stewardship over time.

This is also where advanced analytics and artificial intelligence can deliver their greatest value. These capabilities help programs learn faster, identify patterns earlier, and extend expertise across increasingly complex environments.

Artificial intelligence is most valuable when it helps organizations focus attention where it can have the greatest impact.

Simple feedback loops and stronger coordination across teams can help organizations become stronger with every insight. Advances in analytics and AI are helping make that vision increasingly achievable.

What Leading Organizations Are Doing



Creating feedback loops between recovery and prevention.



Sharing insights across teams.



Continuously refining controls and processes.

How AI and Advanced Analytics Are Expanding What Is Possible

For decades, Medicaid program integrity has been built on experience, expertise, and a commitment to protecting public resources. Those strengths provide the foundation for the next generation of program integrity.

Today, advances in analytics, automation, and artificial intelligence are creating new opportunities to strengthen oversight and address growing complexity with greater speed and precision.

The most effective organizations are not replacing human expertise. They are extending it. Capabilities that once required extensive manual effort can increasingly be supported by intelligent technologies that identify patterns, prioritize areas for review, and surface insights that might otherwise remain hidden.

Consider two patterns that illustrate the difference. In the first, a provider's billing profile shifts over time, moving away from the services historically associated with that specialty and toward higher-reimbursing codes. No single claim looks unusual. The pattern only becomes visible when utilization is compared against peers practicing in the same specialty and geography.

In the second, several newly enrolled entities begin billing in a staged sequence. Each appears independent. Only when ownership, address, and enrollment data are connected does the relationship between them emerge, along with a picture that no single-entity review would surface.

Neither pattern is found by looking harder at individual claims. Both are found by looking across them.

These advances are helping organizations see risk more clearly and respond with greater confidence. Emerging vulnerabilities can be recognized earlier. Resources can be directed to areas of greatest impact. Insights can move more quickly across functions and programs.

AI and advanced analytics are also expanding opportunities for continuous improvement. Findings from one activity can inform another. Information can be connected across the integrity ecosystem. Programs can become increasingly proactive, adaptive, and resilient.

The objective is not simply generating more alerts or identifying more anomalies. It is helping organizations focus on the right risks, support more informed decisions, and translate intelligence into coordinated action.

Success depends on thoughtful governance, strong operational foundations, and a clear focus on outcomes. When those elements come together, technology becomes a powerful force for strengthening stewardship and protecting Medicaid resources.

These capabilities are creating new opportunities to strengthen stewardship, improve resilience, and help ensure Medicaid resources remain available for the people and communities that depend on them.

States do not need to wait for large-scale transformation to begin realizing those benefits. Meaningful progress can start with practical actions taken today.

Turning Strategy Into Action

The path to stronger program integrity does not begin with large-scale transformation. Meaningful progress often starts with actions that build on existing strengths and create momentum over time. Several areas offer particularly strong opportunities for states seeking to strengthen stewardship and improve resilience.



Strengthen Eligibility Verification

Eligibility errors can create downstream consequences across the program. Improving verification processes and making better use of available data sources can help reduce vulnerabilities while supporting appropriate access to care. Small improvements at the front end often create benefits throughout the program.

Enhance Provider Screening and Oversight

Provider enrollment and ongoing monitoring represent some of the most important opportunities for protecting program integrity. Risk-based approaches, stronger information sharing, and continuous oversight can help identify vulnerabilities earlier and strengthen confidence across the provider community.

Unlock More Value from Existing Data

Many organizations possess more information than they are currently able to leverage. The opportunity is not simply collecting more data, but connecting information in ways that reveal risk, strengthen decision-making, and support coordinated action.

Connect Post-Payment Findings with Prevention

Postpayment reviews generate valuable intelligence. Creating intentional feedback loops between recovery activities and preventive controls can strengthen the entire integrity ecosystem. Every finding should make the program stronger. Insights generated through audits, investigations, reviews, and recoveries should inform future controls, strengthen prevention efforts, and reduce the likelihood of recurring losses.

Address Root Causes, Not Symptoms

Recovering improper payments delivers value, but the greatest long-term impact comes from preventing the same issues from occurring again. Leading organizations use findings from audits, investigations, and reviews to strengthen policies, improve operational processes, refine controls, and support provider education. These feedback loops turn individual findings into lasting improvements, reducing repeat errors, strengthening provider relationships, and improving prevention and recovery efforts. The goal is not simply to recover dollars, but to build a stronger, more resilient program that improves with every insight.

Conclusion

Medicaid program integrity has entered a new era.

The pressures facing states are real. Workforce challenges persist. Risks are evolving. Expectations continue to rise.

States possess decades of experience, dedicated professionals, and an opportunity to connect those capabilities in more intelligent, coordinated ways.

The future will not be defined by how effectively programs recover improper payments after they occur. It will be defined by how effectively they predict risk, prevent improper payments, and protect the resources that sustain Medicaid programs and the people who depend on them.

The strongest organizations will not view recovery, detection, prevention, and optimization as separate activities. They will view them as parts of a connected system. They will combine proven capabilities with advanced analytics and responsible AI. They will continuously learn. They will continuously improve.

Protecting Medicaid has always been the mission. What is changing is how that mission is achieved.

The organizations that thrive in this new era will anticipate risk earlier, strengthen prevention, and continuously learn from experience.

They will build more resilient programs.

They will strengthen stewardship.

And they will help ensure Medicaid resources remain available for the people and communities that depend on them.

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