

## **Opening Statement of Chairman Thomas R. Carper**

### **“Curbing Prescription Drug Abuse in Medicare”**

**June 24, 2013**

*As prepared for delivery:*

Today we will hear from several witnesses about the Medicare prescription drug program, and its vulnerability to waste, fraud and abuse.

Medicare is a critical component of health care in our nation. The prescription drug program, also known as Medicare Part D, began in January, 2006. We are now into the seventh year, and the overall reviews of the program have been positive, with more than 31 million seniors participating. However, Congress must ensure sure that the \$60 billion a year program works effectively and efficiently. Unfortunately, Medicare – including Part D – isn’t as effective or efficient as it could or should be when it comes to preventing waste and fraud.

Each year, the federal government lists the estimates of overpayments, underpayments, undocumented expenditures and other kinds of mistakes made by each agency. The total for fiscal year 2012 was more than a hundred billion dollars. Medicare has the largest reported share of that total at \$44.3 billion. And the amount wasted in Medicare’s prescription drug program alone is \$1.6 billion.

In addition, health care is too often the focus of criminals who wish to take advantage of the system. Whether the care is provided through government programs or the private sector, attempts to defraud the health care system are on the rise. There are estimates for Medicare fraud in the billions of dollars.

We simply cannot afford to tolerate these levels of waste and fraud in our federal health care programs. As everyone in this room knows, we’ve faced record budget deficits in recent years. Given the debt and deficit problems our country faces, and the tough work ahead of us as we attempt to address those challenges, we need to focus like a laser on the avoidable, expensive, and frankly unacceptable issues we’ll be discussing today.

During a subcommittee hearing that I chaired in the fall of 2011, the Government Accountability Office testified that they identified about 170,000 beneficiaries who acquired the same class of frequently abused drugs, primarily hydrocodone and oxycodone, from five or more medical practitioners at a taxpayer cost of \$148 million. In two egregious examples, individuals received prescriptions from 87 and 58 different medical practitioners. This followed a similar study by the GAO in 2009 showing the same problem in Medicaid.

This fraud technique is called ‘doctor shopping.’ It involves recipients going to multiple doctors for the same type of drug. In these cases, beneficiaries are almost always either feeding an addiction or selling the drugs they don’t use on the street. Drug dealers make the profit, while the federal government foots the bill.

But the problem of prescription drug fraud is about more than just a loss of taxpayer dollars. It's also about the toll drug abuse takes on people. It is of great concern that one out of seven high school seniors in America has abused, or is abusing, prescription drugs. In fact, more Americans abuse prescription drugs than the number who abuse cocaine, heroin, hallucinogens, Ecstasy, and inhalants, combined.

The Department of Health and Human Services, specifically the Centers for Medicare and Medicaid Services, has established a set of oversight procedures to protect the Medicare Prescription Drug Program and its beneficiaries from fraud and waste. This is a team effort involving Medicare officials, law enforcement at the federal, state and local levels, the Medicare prescription drug plans, pharmacies and doctors, and the beneficiaries themselves. Unfortunately, based on today's testimony by the Health and Human Services Office of Inspector General, there is still a lot more work to do.

On Thursday of last week, the inspector general released a report detailing over 700 general-care practitioners who had questionable Medicare Part D prescribing patterns. For example, while prescription drugs with a high abuse potential constitute on average only 2 percent of most general practitioners' prescriptions, they constituted 78 percent for one general practitioner identified in the report.

This physician prescribed a year's supply of three painkillers, such as morphine and codeine, for just one Medicare beneficiary. Another general practitioner's prescriptions were filled at 872 different pharmacies in 47 states, including Guam.

Today, we will learn about an even more clear failure of oversight. The inspector general is reporting that Medicare is paying for prescription drugs, prescribed not by physicians or others authorized to prescribe drugs, but people with no authority to prescribe at all. Apparently, 400,000 prescriptions totaling \$31.6 million were prescribed by individuals who appear to be massage therapists, interpreters, music and art therapists, and contractors who perform health-care related home repairs.

The most disturbing finding in the inspector general's report is that 29,000 of these prescriptions were for controlled substances, including drugs with a high potential for abuse, such as oxycodone. One contractor alone wrote 79 prescriptions for commonly abused pain killers.

Obviously, these numbers and examples show clear indicators of abuse and fraud. As a recovering Governor, I understand the unique challenges that come along with running a major program like Medicare. However, we simply have to do a better job in overseeing the Medicare prescription drug program.

I will continue to work with my colleagues and the Administration to ensure that programs across the federal government are improving management functions, monitoring results, and finding ways to do more with less in almost everything they do. A key part of these efforts will involve program managers sharpening their pencils and, in conjunction with our private sector partners, preventing expensive and harmful waste and fraud. We must use every tool available to

make sure that our health care programs help those who need medications, rather than feed drug addictions or fraudulent profiteering. By working together on this latest in a series of common sense initiatives, we can take another important step forward in earning their trust once again.