

**U.S. Senate Homeland Security and Governmental Affairs Committee**

**“Medicaid Fraud and Overpayments: Problems and Solutions”**

**June 27, 2018**

**Ranking Member Claire McCaskill**

**Opening Statement**

Thank you, Mr. Chairman. Mr. Chairman, I am happy to be here today with you, Mr. Dodaro, and Mr. Ritchie to discuss efforts to reduce improper payments in the Medicaid program.

Medicaid provides health care coverage to more than 70 million Americans, regardless of pre-existing conditions. In 2016, Medicaid spending totaled \$565.5 billion and accounted for a full 17% of national health expenditures that year. Medicaid is a very important program, and it is this Committee’s responsibility to ensure that the Medicaid program—and all government programs—are spending taxpayer dollars appropriately and efficiently.

According to CMS, Medicaid improper payments reached an estimated \$37 billion in 2017. That is a full 10 percent of the total federal spending on Medicaid! That number is outrageous and CMS needs to find a way to bring that number way down. That is one of the reasons why just last week, we passed bipartisan legislation out of committee to cut down on improper payments made by the federal government. If enacted, our bill will require CMS and other agencies to

undertake additional efforts and develop plans to prevent improper payments before they happen. These measures have the potential to save the government billions of dollars. Our bill is an important step to eradicate government waste and make important programs work for all Americans.

In addition to enacting the Stopping Improper Payments to Deceased People Act, there is no shortage of recommendations and concrete steps CMS can put into place today to enhance oversight efforts and prevent future improper payments. But let's be clear: Medicaid is an important program for Americans. And Medicaid expansion has been incredibly important as well, ensuring 12 million additional Americans were able to receive health care coverage under Medicaid for the first time. We need to make the program more efficient, but fixing its problems should not be confused with calling for an end to an important health program that millions of Americans rely upon for their medical care.

If a lawsuit against the Affordable Care Act brought by Republican Attorneys General is successful, insurance companies will once again be permitted to refuse health care coverage to vulnerable Americans with pre-existing health conditions. Workers will be locked in jobs just because it offers them insurance. And, once again, insurance companies will discriminate against millions of Americans based on their health status.

Mr. Chairman, I think we may need a reminder of what the world looked like before the passage of the Affordable Care Act. I seek unanimous consent to enter a document into the record. This memo was issued by the House Energy and Commerce Committee in 2010 following enactment of the ACA and the committee's investigation found the four largest for-profit health insurance companies denied over 600,000 individuals coverage because of pre-existing conditions in the three years before passage of health reform. The committee's investigation found that for certain medical conditions, companies routinely denied health insurance coverage without any further review. According to one internal memorandum created in 2006, one insurance company created a list of certain medical conditions that would result in an automatic denial of coverage. No further conversation necessary. No insurance for you. The categories included:

- “Any applicant who is a surgical candidate.”
- “Any female applicant currently pregnant.”
- Any applicant with a BMI [body mass index] of 39.0 or greater.”

GAO also did important work documenting the rate at which insurance companies discriminated against people with pre-existing conditions. In a 2011 report, GAO found a quarter of insurers had denial rates of 40 percent or higher. I

look forward to speaking to Mr. Dodaro about his findings on pre-existing conditions in more detail during my questions.

There are up to 130 million adults under the age of 65 with pre-existing conditions in the U.S. We cannot go back to a time when people were automatically denied health care coverage due solely to their health status.

Thank you, Mr. Chairman.