

Opening Statement by Senator Scott P. Brown

July 12th, 2011

Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security

U.S. Senate Homeland Security & Governmental Affairs Committee

“Can New Technology and Private Sector Business Practices Cut Waste and Fraud in Medicare and Medicaid?”

Congress is beginning to face the difficult decisions that must be made to put our nation on a path to economic prosperity and fiscal sustainability. One step we can all agree on is eliminating the waste, fraud and abuse which is endemic to the Medicare and Medicaid programs. The waste, fraud and abuse in these programs is estimated at approximately \$100 billion a year. That is why I joined Chairman Carper, and Senator Coburn in supporting the “FAST” Act of 2011, which provides a crucial tool to the government for attacking this monumental waste of taxpayer dollars.

Today’s hearing is the second hearing in five months that this subcommittee has held. Finding ways to root out waste and abuse in the system is the key to ensuring future viability for these important programs. Simply put, it is no longer acceptable for “business as usual” approach and the endless promises for action while the problem of waste, fraud and abuse continues to grow. This legislation is important and is long overdue.

As I stated at the Subcommittee’s March 9th hearing, The Patient Protection and Affordable Care Act expands Medicaid coverage by an estimated 16 million people by 2019 -- a 32 percent increase over the current enrollment in the program. The cost of

Medicaid expansion is estimated to exceed \$430 billion over the next 10 years. The federal government is responsible for paying over 90 percent of these increased costs.

This expansion in the government's role in healthcare will unduly strain our nation's already dire fiscal condition and entice predators to gorge on the cash cow which these programs represent. The government's chronic mismanagement of Medicare and Medicaid fraud prevention has landed both programs on the GAO's "high risk list" for many years. Expanding benefits without first establishing the necessary controls to prevent waste, fraud and abuse is putting the cart before the horse. The government's performance overseeing these programs in the last few decades does not indicate a history of success. In light of the burgeoning wave of healthcare spending and the history of lax oversight of these programs, more needs to be done, and done quickly.

Today we will hear about CMS's progress in confronting waste, fraud and abuse through efforts like the creation of an Integrated Data Repository (IDR). The IDR was created to provide a single source of data related to Medicaid and Medicare claims. The IDR began incorporating Medicare data in 2006 but has yet to incorporate any Medicaid data. At the behest of Congress, CMS recently began the use of predictive modeling software to prevent payment of possibly fraudulent claims.

Preventing the payment of fraudulent claims has historically been at the heart of the fraud problem bleeding these programs of badly needed funds as the Government has been forced to pay and chase after the money. While this adoption of technology, long utilized in the private sector such as the credit card industry is welcome, CMS has lacked a sense of urgency in developing and implementing new tools to prevent fraud.

Though Congress has an oversight duty to ensure programs implemented by CMS are effective, CMS should be proactive in pursuing ways to curb waste fraud and abuse in Medicare and Medicaid. Unfortunately, CMS's actions aimed at preventing fraud in recent years have been anemic, at best. It's time that CMS work to fully develop effective programs to eliminate waste, fraud and abuse in Medicare and Medicaid and implement those programs in a timely manner, rather than waiting for Congress to tell them to do something they should have been doing long ago. The American taxpayers expect more from the agency charged with ensuring their hard earned dollars are not wasted through fraud and abuse.

I thank the witnesses for being here today and look forward to a productive discussion on how the government can do better.