July 12, 2011 Senator Carper

Hearing Statement: "Harnessing Technology and Innovation to Cut Waste and Curb Fraud in Federal Health Programs"

"Today's hearing will focus on two of our nation's health care programs, Medicare and Medicaid, and new steps to help cut waste and fraud in those programs. This Subcommittee has held several hearings about fraud, waste and abuse in these critical health care programs, and we will continue to hold these hearings because, as we do for other programs across government, we must continue to ask this question: 'Is it possible to get better results for less money in Medicare and Medicaid?'

"Today, our nation faces major questions regarding our economy and federal spending. As all of us in this room certainly know, our nation is embroiled in a fierce debate about how to address the country's debt, which totals more than $14 trillion. That debate has now reached a crisis point over raising the federal debt limit, with a deadline of August 2nd.

"A wide variety of ideas have been put forward on how to reduce our budget deficit and begin whittling down our debt. Last fall, the bipartisan National Commission on Fiscal Responsibility and Reform, appointed by President Obama, provided us with a roadmap for reducing the deficit over the next decade by some $4 trillion. This proposal included substantial savings from reducing waste and fraud in our federal health care programs. Achieving these savings will, in many cases, require action by Congress, as well as ongoing effort by program administrators.

"In today's hearing, our Subcommittee will examine some next steps that should be taken to save billions of dollars in waste and fraud in Medicare and Medicaid, which together provide health care for our nation's most vulnerable: seniors, people with disabilities, and low-income children, among others.

"Last year, Medicare paid out about $523 billion to care for 47.5 million beneficiaries. Medicaid expenditures for the federal government and the states were an additional $403 billion. And these numbers are, of course, expected to grow as our population becomes older.

"Americans' increasing reliance over time on Medicare and Medicaid is, unfortunately, translating into increasing levels of waste and fraud. Medicare made an estimated $47.5 billion in improper payments in fiscal year 2010. And this does not even include an estimate for the Medicare prescription drug program, which I'm told could add more than $5 billion to that total. For Medicaid, the improper payments figure is $22.5 billion.

"That's a lot of money. And Medicare and Medicaid continue to be on the Government Accountability Office's list of government programs at 'high risk' for waste, fraud and abuse – as they have been for many years. Now, more than ever, it's urgent that we step up our efforts to eliminate the problems that lead to waste and fraud in these programs. Success in doing so will help us achieve our deficit reduction goals. It will also lengthen the life of the Medicare trust fund, now forecast to run out of money in 2024. Congress has also put Medicare waste and fraud in its sights.

"The Affordable Care Act, which was enacted almost a year ago, includes a number of provisions aimed at enhancing our efforts to fight waste, fraud and abuse in Medicare and Medicaid. Central to the new law is a goal to obtain better results in health care for less money. Eliminating avoidable mistakes and cracking down on criminals will be important elements of achieving that goal.

"Today's hearing will look at some of the innovative steps that the Centers for Medicare and Medicaid Services is taking to reduce improper payments. The Government Accountability Office (GAO) will testify about a new technology-based tool for detecting fraud that could potentially save $21 billion over 10 years, once it is fully deployed. However, as this Subcommittee will learn, while the federal government has made some progress utilizing this effective new tool, it is failing to realize its full cost saving potential.

"To achieve the maximum taxpayer savings, the federal government needs to do a better job of getting this new technology into the hands of oversight staff working to curb the tens of billions of taxpayer dollars lost to waste and fraud in those programs. I will ask our witnesses what more we can do to fully deploy all the tools available to get the job done in our fight against waste and fraud in Medicare and Medicaid and throughout the federal government.

"We will also hear from the head of Medicare and Medicaid program integrity, the anti-waste and fraud office, regarding a recent announcement about 'predictive analytics.' This is technology aimed at preventing waste and fraud by screening claims before payment. This technology is similar to what credit card companies use to analyze customers' spending trends in order to quickly detect and stop fraudulent purchases.

"Furthermore, our Subcommittee will look at additional steps that the federal government should take. Senator Coburn and I, along with several of our Senate colleagues, introduced legislation last month that focuses on fighting fraud, waste and abuse in the Medicare and Medicaid programs, known as the Medicare and Medicaid Fighting Fraud and Abuse to Save Taxpayers Dollars Act, or the FAST Act. The bill includes a wide-range of initiatives and takes some of what we already know works in the private sector to decrease waste and fraud– or that we have already seen is beginning to work in government – and applies it to Medicare and Medicaid.

"Among other things, the legislation would increase anti-fraud coordination between the federal and state governments, increase criminal penalties for fraud, encourage seniors to

report possible fraud and abuse in Medicare through the Senior Medicare Patrol, and would deploy cutting-edge data analysis technologies.

"I often say that there is no silver bullet to fighting waste and fraud. But this bipartisan bill provides many smaller, proven, common-sense solutions that would decrease fraud, waste and abuse in Medicare and Medicaid. It builds on recommendations by the Office of the Inspector General, the GAO and other experts to improve upon the current work of the program integrity office of the Centers for Medicare and Medicaid Services (CMS).

"The FAST Act has garnered numerous letters of support from organizations including the Council for Citizens against Government Waste, Taxpayers for Common Sense, the National Taxpayers Union and AARP, a broad range of groups that don't always see eye-to-eye when it comes to reforming entitlement programs.

"Is CMS moving in the right direction? Yes. But we know what works. We need to do more of it. I believe our legislation takes the same approaches we will hear about today, and does even more.

"Our Subcommittee is here today in large part because, I believe, and I am sure my colleagues believe, that we have a moral imperative to ensure that our Medicare and Medicaid beneficiaries continue to have access to quality care and, at the same time, that the scarce resources we put into those programs are well spent. It is the right thing to do as well, both for the health of those two programs and for our federal budget as a whole. Each and every one of us can agree on that point and, I hope, on a great deal more. I look forward to hearing our witnesses share with us their knowledge and expertise in preventing health care fraud, and learning what more we can do to get better results for less money."