

U.S. Senate Homeland Security and Governmental Affairs Committee
“Examining CMS’s Efforts to Fight Medicaid Fraud and Overpayments”

August 21, 2018

Ranking Member Claire McCaskill

Opening Statement

Thank you, Mr. Chairman. Administrator Verma and Mr. Dodaro, thank you for being here today to discuss efforts to reduce improper payments in the Medicaid program.

Two months ago, we held a hearing to talk about the rate of improper payments in the Medicaid program. I said it before and I’ll say it again: This Committee has a responsibility to ensure that the Medicaid program—which provides vital health care coverage to more than 70 million Americans, regardless of pre-existing conditions—spends taxpayer dollars appropriately and efficiently. This is especially true as managed care increasingly demands a greater proportion of Medicaid dollars. Just last month, in fact, both GAO and HHS OIG published reports on continued weaknesses and program integrity risks in Medicaid managed care. Clearly, there is a need for greater transparency over how managed care organizations spend federal dollars and greater program integrity and oversight in Medicaid generally.

And importantly, there is also a need to distinguish between improper payments and outright fraud. The reality is that fraud accounts for only a portion of total improper payments in Medicaid—most of which result from provider screening and enrollment errors—and it’s important as we address this problem to distinguish between beneficiary fraud and bureaucratic bungling.

But even as we discuss federal efforts to prevent fraud in the Medicaid program, we also need to talk about other factors that lead to negative health outcomes for Americans. Because the reality is that there are actions we can take right now to improve outcomes and lower the cost of federal health programs.

First, we can fight back against skyrocketing prescription drug price increases. Earlier this year, I released a report showing that the average prices of the 20 most popular brand-name drugs in the Medicare Part D program have risen at nearly 10 times the rate of inflation. And just last month, I released a second report showing that if the federal government could negotiate directly on prices for these drugs, taxpayers could save up to \$2.8 billion dollars in a single year!

Second, we can stop the overprescription of opioids. For too long, opioid manufacturers have used illegal marketing and sales techniques to expand their market share and increase dependency on powerful—and often deadly—painkillers. These companies downplayed the risk of addiction from opioid use as

part of an aggressive campaign to convince physicians to prescribe opioids. As part of this campaign, the industry co-opted patient advocacy groups and professional societies that accepted pharma money while echoing and amplifying messages favorable to opioid use. And as opioids flowed to our communities, major distributors failed to monitor drug shipments and report potential diversion to the black market.

We need to do more to ensure these perpetrators of the opioid addiction crisis are held accountable. That is why I introduced legislation to strengthen the DEA's ability to hold distributors accountable and to bring transparency to the financial connections between the advocacy community and the opioid industry. Medicare Part D spent around \$4 billion a year on opioids in 2016, and one way to lower this cost is to ensure that opioid prescriptions are written and filled because of legitimate patient need—and for no other reason.

Finally, we need to keep the consumer protections built into the Affordable Care Act. In the latest attempt to strip millions of Americans of their health insurance, Republican attorneys general—including the attorney general of my state—have gone to court to allow insurance companies to once again refuse healthcare coverage for vulnerable Americans because of their pre-existing conditions. This is decidedly NOT what the American people want. In fact, as of

2016, an estimated 27% of adults under 65—52 million people—had pre-existing conditions that would make it difficult, if not impossible, to obtain affordable healthcare coverage without the protections of the ACA. And I can tell you that when I talk about this issue in town halls in my state—even the reddest parts of my state—no one wants to go back to the fear and uncertainty of the old system.

Mr. Chairman, you and I agree on the need to lower costs in federal healthcare programs, and I'm looking forward to hearing from our witnesses on current efforts to do so in the Medicaid program. But I also believe very strongly that one surefire way not to lower costs in our healthcare system is to strip coverage from the very Americans who need it the most.

Thank you, Mr. Chairman.