



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley: Report Shows Medicaid Waste, Fraud and Abuse Threaten Safety Net

WASHINGTON — Sen. Chuck Grassley, Chairman of the Committee on Finance, said a new government report on the financial management of the Medicaid program shows "the best of intentions and the worst of execution."

The report, issued today by the Government Accountability Office (GAO), outlines efforts undertaken by the Centers for Medicare and Medicaid Services (CMS) to try to address and improve Medicaid financial management activities. The GAO found that while CMS has revamped efforts to review Medicaid claims for reimbursement and hired 90 new employees to review Medicaid fraud, problems continue.

Specifically the GAO found: CMS has not instituted mechanisms to measure the risk of inappropriate federal reimbursement; CMS has not incorporated the use of the Medicaid Statistical Information System database into its oversight activities; CMS has not developed profiles to document state-based fraud and abuse controls for oversight of state Medicaid claims; and, CMS has not developed a strategic plan that is specific to Medicaid financial management activities.

In its report, the GAO reiterated recommendations it made in 2002, and said it will continue to place Medicaid on its high-risk series when it comes to financial management.

"A year ago this month I held two days of hearings on Medicaid fraud, waste, and abuse because it threatens the long-term sustainability of this important program," Grassley said. "Medicaid represents a health care safety net to millions of Americans who are poor and in need. We can't let these dollars be squandered and lost to fraud, waste and abuse."

Grassley said he held the hearings in 2005 to draw attention to financial problems facing the program to help try to fix those problems. This year, the President signed legislation sponsored in the Senate by Grassley to help improve Medicaid's financial condition.

"The new GAO report underscores the need for the federal agency that runs Medicaid to do its part," Grassley said. "CMS needs to take the GAO's recommendations to heart and implement them to help ensure the stability of Medicaid. Otherwise, we'll see a report just like this one, or worse, four years from now."

