

Statement of Dennis J. Kucinich

Ranking Member

Subcommittee on Regulatory Affairs, Stimulus Oversight and Government Spending

Joint Hearing on “Is Government Adequately Protecting Taxpayers from Medicaid Fraud?”

April 25, 2012

Thank you, Chairman Jordan and Chairman Gowdy, for holding this hearing today. According to Harvard University scholar Malcolm Sparrow, the health care industry’s complexity and volume of automated health care payments presents a “business opportunity” to “a few bad actors, suitably placed, [to] steal hundreds of millions of dollars” from Medicare and Medicaid. The Government Accountability Office estimates that in 2010, Medicaid and Medicare made about \$70 billion in improper payments. Improper payments include overpayments, underpayments and fraudulent payments.

Fortunately, the Center on Medicare and Medicaid Services under Director Cindy Mann, and the U.S. Department of Justice, are taking the threat of health care fraud very seriously. CMS has moved quickly and aggressively to stand-up its office of Medicaid Program Integrity, utilize high speed computing and data analysis to identify patterns of fraudulent billing in real time, and adapt to Medicaid successful anti-fraud initiatives developed to deal with Medicare. The Department of Justice has increased health care fraud prosecutions since FY 2008 by nearly 75%. In Fiscal Year 2011, DOJ and the Department of Health and Human Services recovered a record \$4.1 billion from health care fraud judgments and settlements. Almost \$600 million of that came from Medicaid anti-fraud efforts. The Affordable Care Act made a significant contribution to federal anti-fraud efforts, both in terms of increased resources and authority to enhance oversight and screening measures, clarifying law enforcement access to claims and payment data, and expanding key anti-fraud programs to Medicaid, among other things.

But federal anti-fraud efforts face a number of threats. At this moment, the U.S. Supreme Court is considering striking down the Affordable Care Act. If they do, aggressive federal anti-fraud activities authorized and financed by the Act will be compromised. The House Republican budget also targeted the Affordable Care Act, calling for its repeal and banking on cuts of \$106 billion in new Medicaid spending created by the law. The budget also would change the financing of Medicaid to block grants, which would leave the states to manage all aspects of Medicaid, including the bulk of anti-fraud efforts.

As one health care fraud expert testified to the Senate last year, “Health care fraud is an exceptionally complex crime... The perpetrators of this crime have proven themselves to be creative, nimble and aggressive. Therefore, investing in and employing the most effective fraud prevention and detection techniques is critical to achieving success.” That level of investment can only come from the Federal government. Today, Federal Medicaid, the Inspector General for the Department of Health and Human Services and Justice Department prosecutors are mounting anti-fraud efforts with more success than ever before. Yet, the House Republican budget and the U.S. Supreme Court pose grave threats to their continued existence and development.