



June 6, 2013

The Honorable Peter Roskam  
U.S. House of Representatives  
227 Cannon Building  
Washington, D.C. 20515

The Honorable John Carney  
U.S. House of Representatives  
1406 Longworth Building  
Washington, D.C. 20515

The Honorable Tom Carper  
United States Senate  
513 Hart Building  
Washington, D.C. 20510

The Honorable Tom Coburn  
United States Senate  
172 Russell Building  
Washington, D.C. 20510

Dear Congressmen Roskam and Carney and Senators Carper and Coburn:

On behalf of America's Health Insurance Plans (AHIP), I am writing to thank you for your leadership in introducing the "Preventing and Reducing Improper Medicare Expenditures (PRIME) Act."

Our members strongly support efforts to improve fraud prevention in federal health programs, moving away from the government's "pay and chase" approach and adopting the innovative tools and techniques that have been pioneered by private health insurance plans. Detecting and preventing fraud upfront – before it occurs – is a critically important priority for our nation's health care system.

Recognizing that fraud has far-reaching implications both for health care costs and patient care, our members have led the way and developed effective fraud prevention and detection programs as part of a broad-based strategy for improving health outcomes and achieving the optimal use of health care dollars. These efforts are led by health plans' special investigations units (SIUs) that are staffed with personnel who have clinical, statistical and law enforcement expertise. Key activities performed by these units include provider credentialing, employing sophisticated software

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techniques to detect anomalies in billing to identify potential fraud before claims are paid, and partnering with federal and state law enforcement officials. We applaud efforts to incorporate these successful private sector strategies into Medicare and Medicaid to protect both beneficiaries and taxpayers from fraudulent practices.

To achieve the objectives of your legislation, another critically important priority is to ensure that the medical loss ratio (MLR) regulation recognizes the key role played by fraud prevention programs in improving quality and containing costs. The MLR regulation, in its current form, provides a credit only for fraud “recoveries” – i.e., funds that were paid out to providers and then recovered under “pay and chase” initiatives. It does not include the cost of developing and administering anti-fraud programs that detect fraud before claims are paid. As a result, the regulation penalizes health plans for committing resources to innovative programs that prevent and detect fraudulent conduct or prevent the delivery of unnecessary services or care. Excluding these expenses is contrary to the goal of enhancing anti-fraud cooperation between private and public entities. To address these concerns, it is crucial to reconsider the treatment of fraud prevention programs under the MLR regulation.

Thank you again for your thoughtful work in advancing legislation to combat health care fraud in federal programs.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen Ignagni".

Karen Ignagni  
President and CEO