



Working Together for an Affordable Future

April 15, 2013

The Honorable John Carney  
United States House  
1406 Longworth House Office Building  
Washington, DC 20515

The Honorable Peter Roskam  
United States House  
227 Cannon House Office Building  
Washington, DC 20515

RE: The Preventing Improper Medicare Expenditures Act of 2013

Dear Representative Carney and Representative Roskam,  
The National Coalition on Health Care (NCHC) commends your efforts to fight fraud and abuse in Medicare and Medicaid in order to ensure the long-term sustainability of these important programs. The Preventing Improper Medicare Expenditures Act—or, the PRIME Act— will not only strengthen the health programs that serve the most vulnerable populations in the US, but also provide better-integrated, more accessible data that can improve the health system as a whole.

Fraud and abuse in Medicare and Medicaid cost taxpayers tens of billions of dollars every year: an April 2012 study by the RAND Corporation and former CMS administrator Don Berwick estimated that cost to total as much as \$98 billion in 2011.<sup>1</sup> An investment in reducing and preventing fraud would protect beneficiary access to necessary health care services, reduce the administrative burden on legitimate providers, and contain burgeoning Medicare and Medicaid costs. According to the Deputy Administrator and Director of CMS Program Integrity, Peter Budetti,<sup>2</sup> the average return on investment over the last three years for every dollar spent by CMS on fighting fraudulent and abusive practices is \$7.90; and the savings can only increase with a stronger system.<sup>3</sup>

<sup>1</sup> Berwick, Donald M. and Andrew D. Hackbarth, "Eliminating Waste in US Health Care," JAMA 307, no. 14 (2012):1513–6, doi:10.1001/jama.2012.362. Accessed online on 12 April 2013 at <http://jama.jamanetwork.com/article.aspx?articleid=1148376>.  
<sup>2</sup> Statement of Peter Budetti on "Fostering Innovation to Fight Waste, Fraud, and Abuse in Health Care" Before the US House of Rep. Committee On Energy and Commerce Subcommittee on Health. 27 Feb 2013. Accessed online on 12 April 2013 at <http://democrats.energycommerce.house.gov/sites/default/files/documents/Testimony-Budetti-Health-Fight-Waste-Fraud-Abuse-2013-2-27.pdf>.  
<sup>3</sup> The Office of Inspector General estimated that for every \$1 spent it spends on health care oversight, the government sees a return of \$16.70. Please see [http://www.hhs.gov/about/FY2012budget/fy2012\\_hhsoig\\_online\\_performance\\_appendix\\_revised.pdf](http://www.hhs.gov/about/FY2012budget/fy2012_hhsoig_online_performance_appendix_revised.pdf).

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The PRIME Act curbs improper payments by requiring valid national prescriber identification on pharmacy claims, by aligning incentives to report fraud, and by strengthening penalties for committing fraud. It also improves data sharing between the states and federal government, thereby streamlining the data gathering and processing procedures. Together, these measures increase our government's capacity to fight fraud and abuse in our federal health programs.

Ultimately, the integration and streamlining of CMS' data systems also lays the foundation for other significant improvements in America's health system. The lack of comprehensive, comparable data on health costs and spending represents a major barrier to developing effective health policies that will rein in costs and improve value.

As the nation's broadest-based group dedicated to creating a quality health system that is sustainable, affordable, and fair, NCHC recognizes the importance of fighting fraud and abuse in Medicare and Medicaid in improving health and lowering costs. The PRIME Act of 2013 takes an important step toward achieving those goals, and we fully support the passage of this legislation.

Sincerely,

John Rother  
President and CEO  
National Coalition on Health Care