

DIANE BLACK
6TH DISTRICT OF TENNESSEE

COMMITTEE ON
WAYS AND MEANS

SUBCOMMITTEE OVERSIGHT

COMMITTEE ON THE BUDGET



CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

April 24, 2014

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The Honorable Marilyn Tavenner
Administrator, Centers for Medicare and Medicaid Services
200 Independence Avenue, SW
Room 445-G, Hubert H. Humphrey Building
Washington, DC 20201

Dear Administrator Tavenner:

As a result of Washington's failure to enact reforms necessary to improve and secure the Medicare program for future generations, the Medicare Trust fund is estimated to reach insolvency in 2024. To address fundamental structural challenges facing the growing system, the non-partisan Government Accountability Office (GAO) published numerous recommendations to taper down fraud and improve program efficiency, specifically in the area of improper payments.¹ In fact, the Ways and Means Subcommittee on Health recently called for a hearing on Medicare fraud.

To date, over 52 million Americans are enrolled in the Medicare system, relying on this important program to provide them with access to efficient, affordable, and quality health care.² In the coming years, millions of new enrollees will enter the system. Due to its size and complexity, GAO first designated the Medicare program as a high-risk area in 1990 as management challenges arose. Since that time, numerous ongoing recommendations have been issued by GAO to assist the administration with developing and executing more cost-effective and efficient management systems. Regrettably, in 2012, the Department of Health and Human Services doled out a staggering \$64.2 billion in improper payments—of which Medicare fee-for-service accounted for \$29.6 billion.³ In total, Medicare improper payments cost taxpayers more than \$44 billion.⁴

Given the current fiscal trajectory of the Medicare program, it is imperative that the Administration and the Congress work in tandem to address fundamental flaws in payments made by the Centers for Medicare and Medicaid Services (CMS) through the Medicare program. For this reason, I am interested in understanding if CMS has developed an implementation plan and timetable to address two remaining specific recommendation made by GAO to reduce the improper payments issued by CMS.

In 2007, GAO recommended a requirement for contractors to develop thresholds for unexplained increases in billing in order to implement the controls under an automated payment system.

¹ http://www.gao.gov/duplication/action_tracker/Medicare_Improper_Payments

² http://cms.hhs.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/CMS-Statistics-Reference-Booklet/Downloads/CMS_Stats_2013_final.pdf

³ <http://www.paymentaccuracy.gov/high-priority-programs>

⁴ http://www.gao.gov/highrisk/medicare_program

While CMS is utilizing a predictive modeling system, the Fraud Prevention System (FPS), prior to issuing payments under fee-for-service, thresholds have not been developed to explain unexpected increases in billing.

For claims submitted by home health agencies with high rates of improper billing, GAO recommended post-payment reviews. According to GAO, CMS has not begun to review these claims, causing possible missed opportunities to better target areas of fraud and achieve recoupment.

These recommendations, which would achieve structural reforms to reduce the government's exposure to fraud and abuse of taxpayer funding, merit serious consideration by the administration. I respectfully request information from CMS on the current action plan to implement these overdue and common sense recommendations.

Thank you for your attention to this important matter. Should you have any questions, do not hesitate to contact my office.

Sincerely,



Diane Black
Diane Black
Member of Congress