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U.S. House of Representatives

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MINORITY CHIEF COUNSEL

June 13, 2012

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Sebelius:

As Chairman of the House Committee on Ways and Means Subcommittee on Oversight, I write to request information regarding the Center for Medicare and Medicaid Innovation's (CMMI) award of nearly \$123 million in Health Care Innovation grants. Established under Section 3021 of the "Patient Protection and Affordable Care Act" (P.L. 111-148) ("PPACA"), CMMI was created to "test innovative payment and service delivery models to reduce program expenditures... while preserving or enhancing the quality of care...." Health care innovation and expenditure reduction are important objectives, but recent reports on grant making activities at CMMI reveal a lack of transparency and suggest the possible waste of taxpayer dollars.

The PPACA provides that CMMI can draw a total of \$10 billion from the U.S. Treasury over a period of ten years, and \$10 billion every decade thereafter with no congressional review. Given the nation's federal debt, this money is largely borrowed and paid back by taxpayers with interest. Unlike most grant programs at the Department of Health and Human Services, CMMI need not come to Congress each year to explain its performance and justify its use of taxpayer dollars.

Further cloaking the use of these funds in grant making, the law states that "there shall be no administrative or judicial review" of CMMI's activities, including its "selection of organizations, sites, or participants to test" models, or "the elements, parameters, scope, and duration" of such testing. The cost and opaqueness of CMMI requires thorough congressional oversight.

CMMI's debut of its grant making practices only serves to raise additional questions. Late last year, CMMI announced a so-called "funding opportunity" of up to \$1 billion in grants through the Health Care Innovation Challenge. In May of this year, your Department announced the first round of grants, totaling \$122.6 million to 26 organizations in amounts ranging from approximately \$1 million to \$30 million for a three-year period. These include a grant of \$1.9 million to save an estimated \$1.7 million over three years, and another of \$7.3 million to save

\$6.3 million over the same period. There may be reasons for funding projects that promise a negative return on investments, but taxpayers deserve a public accounting for this use of their hard-earned dollars.

One physician who participated in the application review process has written in the Wall Street Journal that the grant program is “one more pork program and venue for political cronyism.” His account detailed a grant process with “few safeguards and little transparency” in which he was given two weeks to assemble a team and review 12 applications of more than 100 pages each. Training guidance provided to grant application reviewers, and reviewed by Committee staff, reveals that reviewers were given only nine days to review their assigned applications and finalize award recommendations.

In light of the provisions of the PPACA that inhibit accountability and the billions of dollars in taxpayer dollars at stake, and for the Committee to better understand the process by which CMMI awarded these grants, I ask that you provide the following information by no later than June 27, 2012:

1. Provide copies of all Health Care Innovation Challenge applications reviewed for the May 2012 award;
2. Detail the process by which Health Care Innovation Challenge review teams were assembled, including the titles and names of the individuals responsible for choosing review team chairpersons;
3. Provide a list of all Health Care Innovation Challenge review teams, including the names of each reviewer with the chairperson identified, a list of the grant applications each team reviewed, and the associated scores, comments, and award recommendations;
4. Provide the date each team received its applications, and the deadline given for final review;
5. Identify by title and name the CMMI officials who chose each award winner, and provide all records and communications relating to application consideration and award decisions; and
6. Explain the process by which CMMI determined projected 3-year savings for projects, including the titles and names of CMMI officials responsible for approving the projections and all records and communications relating to these projected savings.

Thank you in advance for your assistance in this matter. If your staff should have any questions, they should contact Committee staff at (202) 225-5522.

Sincerely,

A handwritten signature in blue ink that reads "C.W. Boustany Jr." with a period at the end. The signature is written in a cursive, slightly slanted style.

Charles W. Boustany, JR, MD
Chairman