



May 14, 2014

The Honorable Kevin Brady
Chairman
Subcommittee on Health
Committee on Ways and Means
Washington, DC 20515

The Honorable Jim McDermott
Ranking Member
Subcommittee on Health
Committee on Ways and Means
Washington, DC 20515

Dear Chairman Brady and Ranking Member McDermott:

On behalf of the millions of AARP members, and the millions more who rely on Medicare, thank you for holding the hearing on April 30, 2014, regarding ideas to improve oversight to reduce Medicare waste, fraud, and abuse. While Medicare is just one segment of the larger health care system, improving program integrity is essential to lowering overall health care costs. Waste, fraud, and abuse increase the overall cost of health care and may harm patients, either by providing them unneeded care or by withholding necessary care. AARP is committed to improving the efficiency and cost-effectiveness of our nation's health care system, and we share the Committee's interest in combating fraudulent and wasteful practices.

Congress has already taken positive steps to reduce waste, fraud, and abuse in recent health care reform legislation. For instance, funding for the Medicare and Medicaid Health Care Fraud and Abuse Control Fund has been increased substantially over the past decade. This increased funding has been coupled with more rigorous oversight and enforcement by the Centers for Medicare and Medicaid Services (CMS), Department of Justice (DOJ), and the Internal Revenue Service (IRS). Considering that the return on investment for program integrity efforts is approximately \$8.10 for every \$1 spent¹, maintaining adequate funding is both crucial and cost-effective.

Similarly, the Affordable Care Act has increased scrutiny of providers and suppliers in federal health programs, increased transparency requirements for compliance programs, as well as other provisions to reduce conflicts of interest. Enhanced screening measures, such as background checks, help root out program abusers. Likewise, reporting requirements reduce the influence of a provider's personal financial interests on the choice of care provided or offered. These steps are already yielding results, and deserve Congress's continued support.

However, there is still room for improvement. Enhancements made to Medicare can serve as a catalyst for the health care system at large. AARP suggests the Committee consider the following policy changes as options to better improve Medicare program integrity:

- **Prioritize spending:** A portion of funds recovered from federal and state fraud and abuse control efforts should be spent on further enforcement activities. If recovered money is not needed for further fraud and abuse control, the excess funds should be redirected to health care programs at CMS, and not be redirected to non-health programs at DOJ or IRS. Moreover, activities that provide the greatest net benefit to society should be prioritized.
- **Better education:** Health care providers should be better educated regarding compliance and to prevent or correct unintended errors. Innocent billing errors should not be prosecuted as intentional fraud. Similarly, consumers should be better educated to appropriately identify and report instances of fraud. Further resources should go to raising consumer awareness, as well. For instance, the Senior Medicare Patrol (SMP) program raises awareness and understanding of healthcare programs among

¹The Department of Health and Human Services and The Department of Justice Health Care Fraud and Abuse Control Program, "Annual Report for Fiscal Year 2013", page 8, <https://oig.hhs.gov/publications/docs/hcfac/FY2013-hcfac.pdf>

seniors. This knowledge helps seniors to protect themselves from the economic and health-related consequences of Medicare and Medicaid fraud, error, and abuse.

- **Practice guidelines:** Linking payment to best practices, as part of larger delivery-system reform, could reduce overutilization by incentivizing more efficient care. Through established practice guidelines, states and the federal government should assess resource use and efficiency in conjunction with quality, so that doctors, hospitals, and other providers are fairly evaluated, and consumers have useful information about the value of care they receive.

Additionally, there are several legislative measures introduced in Congress that would help reduce waste, fraud, and abuse in Medicare and Medicaid. In particular, these bills promote safer, more secure programs, as well as address beneficiary identity theft.

S. 1123/H.R. 2305 – The Preventing and Reducing Improper Medicare and Medicaid Expenditures Act

The PRIME Act would strengthen many existing programs by improving data sharing across federal agencies and programs in a way that would ensure more real-time sharing to discourage and prevent payment of fraudulent or duplicate claims. The bipartisan legislation would also include additional penalties for people who illegally distribute Medicare, Medicaid, or CHIP beneficiary identification information or provider billing privileges. In addition, the bill would improve upon the Senior Medicare Patrol (SMP), which helps educate beneficiaries to detect and report Medicare waste, fraud, and abuse. SMP projects also work to resolve beneficiary complaints of potential fraud in partnership with consumer protection entities at both the state and federal level.

H.R. 3616 – The Protecting Seniors from Health Care Fraud Act

This bill directs the Department of Health and Human Services and Department of Justice to report annually to Congress and the public on health care fraud schemes targeted to seniors and steps being taken to combat such schemes and to educate seniors about them.

H.R. 3024 – The Medicare Common Access Card Act

This bill would establish a pilot program in order to utilize smart card technology for Medicare beneficiary and provider identification cards. The smart cards would provide greater security for beneficiaries' personal information, thereby reducing the possibility for identity theft. The technology would also enable more responsive claims tracking and adjudication, as well as reduce provider administrative burden.

H.R. 2925 – The Strengthening Medicare Anti-Fraud Measures Act

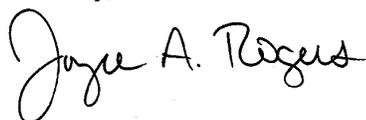
This bill excludes persons or entities affiliated with previously convicted or penalized entities from participating in federal health care programs.

S. 612 – The Social Security Number Protection Act

This bill ensures that the Medicare identification card does not display or electronically store (in an unencrypted format) a Medicare beneficiary's Social Security account number.

Combating fraud and abuse is about more than just saving money. It is about protecting beneficiaries' ability to get the right care at the right time. By strengthening program integrity efforts, we can reduce overutilization, lower costs, and ensure beneficiary identity security. AARP looks forward to working with the Committee as you address this important issue. If you have any questions, please feel free to contact me or have your staff contact Ariel Gonzalez of our Government Affairs staff at 202-434-3770 or agonzalez@aarp.org.

Sincerely,



Joyce A. Rogers
Senior Vice President
Government Affairs