



June 29, 2012

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Senators Baucus and Hatch:

On behalf of the millions of AARP members, and the millions more who rely on Medicare and Medicaid, thank you for this opportunity to offer ideas for improving program integrity. Waste, fraud, and abuse increase the cost of health care and may harm patients, either by giving 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 by about \$350 million over 10 years. This increased funding has been coupled with more rigorous oversight and enforcement by the Centers for Medicare and Medicaid Services (CMS) and the Internal Revenue Service (IRS). Considering that the return on investment for program integrity efforts is approximately \$7.20 for every \$1 spent¹, maintaining adequate funding is crucial.

Similarly, the Affordable Care Act has increased scrutiny of providers and suppliers in federal health programs, as well as increased transparency, requirements for compliance programs, and 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. AARP suggests the Committee consider the following policy changes as options to better improve Medicare and Medicaid program integrity:

- **Prioritize spending:** All 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, it should be redirected to related health care programs, and not be redirected to unrelated programs or agencies. 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 seniors. This knowledge helps seniors to protect themselves from the economic and health-related consequences of Medicare and Medicaid fraud, error, and abuse.

¹The Department of Health and Human Services and The Department of Justice Health Care Fraud and Abuse Control Program, "Annual Report for Fiscal Year 2011", page 8, <http://oig.hhs.gov/publications/docs/hcfac/hcfacreport2011.pdf>

- **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 proposals introduced in Congress that would help reduce waste, fraud, and abuse in Medicare and Medicaid. In particular, these bills promote safer, more secure programs by also addressing beneficiary identity theft.

S. 1251/H.R. 3399 – The Medicare and Medicaid Fighting Fraud and Abuse to Save Taxpayers' Dollars Act (otherwise known as the Medicare and Medicaid FAST Act)

This legislation 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 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 consumer protection entities at both the state and federal level. Finally, it would prohibit the display of Social Security Account Numbers on newly issued Medicare identification cards, thereby reducing the risk of identity theft.

S. 1551/H.R. 2925 – The Medicare Common Access Card Act of 2011

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. 978 – The Seniors' Identity Protection Act of 2011

This bill would remove Social Security numbers from certain government-issued cards used in connection with Medicare, Medicaid, and CHIP programs.

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 Ariel Gonzalez of our Government Affairs staff at 202-434-3770 or agonzalez@aarp.org.

Sincerely,



Joyce A. Rogers
Senior Vice President
Government Affairs