

**Opening Statement of the Honorable Tim Murphy**  
**Subcommittee on Oversight and Investigations**  
**Hearing on “Medicare Program Integrity: Screening Out Errors, Fraud, and Abuse”**  
**June 25, 2014**

*(As Prepared for Delivery)*

I convene this hearing of the Subcommittee on Oversight and Investigations. Today we will be revisiting a subject that I and every Member of this Committee believe has gone on for far too long: the fraud, waste, and abuse rampant in our Medicare program.

Last year the Medicare program helped finance the medical services of approximately 51 million individuals and in doing so spent approximately \$604 billion. Sadly, a budget that large makes the program a high target for fraud and abuse. Last year the Centers for Medicare and Medicaid Services estimated that improper payments were almost \$50 billion. Outside news reports have also pegged the amount lost to fraud as high as \$60 billion. This is a shocking amount of taxpayer money to lose every year, especially considering that some experts tell us that we do not even know the full extent of the problem. These financial losses are simply unacceptable.

To someone unfamiliar with the topic, some of the ways the government improperly pays out Medicare funding may seem completely unbelievable. For example, according to the Department of Health and Human Services Office of Inspector General, just a few years ago the federal government managed to pay out \$23 million in Medicare funding to dead people. One news story involved an Ohio doctor learning that he was the CEO of a medical practice only when a reporter called him to ask about it; and the “practice” that he was allegedly running? Just a mailbox. Earlier this month news broke about an accusation that one doctor in California was able to help facilitate approximately \$22 million in inappropriate Medicare payments for wheelchairs. The economics of this also incentivize abusing the Medicare program as well—last year the Department of Justice issued a release noting that an individual was able to bill Medicare \$6,000 for a wheelchair that cost \$900 wholesale. These are but a few of the more humorous examples. But this is no laughing matter: it should be a national outrage.

It is not only the stories or amounts of money that should shock you, but also the length of time the government has allowed this to continue. Since 1990—24 years ago—the Government Accountability Office has designated the Medicare program as a high risk for fraud and abuse. A quarter century of wasted taxpayer dollars—when does it stop? Think for a moment about a single company in the private sector that could lose this much money, year after year, and still be in business today.

We recognize that the administration is attempting to solve this problem. In the past few years CMS has implemented new programs to provide enhanced screening for certain categories of providers. If a provider is servicing an area that typically is more susceptible to fraud, they may undergo additional scrutiny. I hope today to hear about how this is working and the number of fraudulent providers that have been stopped before they even entered the Medicare system. Meanwhile, the administration testified before the Committee on Ways and Means earlier this year on new collaborations with state governments on ways to combat fraudsters from moving their Medicare or Medicaid schemes from one state to another. I hope to also hear an update on this today.

One of the main problems in the past with Medicare fraud was that those combatting it often relied on a “pay and chase” model. That is: pay out claims for Medicare, learn of potentially fraudulent activity, then try to stop the fraud. Our government simply must do better. Today I hope to hear about ways the administration is using new methods to use analytics to stop fraud before it happens—with the technological advances that the Medicare program has seen in its lifetime it simply should be much more difficult for individuals to defraud the program.

And one of the easiest ways to prevent fraud on the system and protect Medicare patients is by excluding the bad actors who have committed crimes in the past. Yet, news reports indicate that doctors who

should not be billing Medicare continue to do so: Earlier this year one news outlet reported that several doctors who had a lost a medical license were still able to bill the Medicare program for millions of dollars. Committee staff has identified more problems as well: at least 14 individuals convicted of FDA-related crimes—health providers that have been debarred by the FDA—do not appear to be excluded from the Medicare program. Worse, 6 doctors debarred by the FDA actually were paid over \$1 million in Medicare payments in 2012.

Finally, today I hope we will hear about the steps that can be taken to further combat fraud. GAO has recommended some common sense steps that would reduce fraud, such as removing social security numbers from Medicare cards, but CMS has yet to implement this recommendation.

I would like to thank the witnesses joining us today—you all have the ability to save the American taxpayer a massive amount of money, and we hope to hear from you today on how you plan to do that.

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