Opening Statement of the Honorable Tim Murphy
Subcommittee on Oversight and Investigations
Hearing on "Medicare Part D: Measures Needed to Strengthen Program Integrity"
July 14, 2015

(As Prepared for Delivery)

I convene this hearing of the Subcommittee on Oversight and Investigations. We are here again today to discuss an ongoing problem with our entitlement programs: waste, fraud, and abuse. This time in the Medicare Part D program. However, the failures that we will hear about today go far beyond lost dollars and cents, rather, they are helping to feed the prescription drug abuse crisis that is gripping the country.

Medicare Part D is the fastest growing component of the Medicare program, providing approximately 39 million beneficiaries with supplemental prescription drug coverage. Given this rapid growth, Medicare Part D has been a prime target for fraud and abuse. In fact, this past June, the Department of Justice announced a nationwide Medicare fraud takedown, which led to charges against 243 individuals for approximately $712 million in false billings. More than 44 of the defendants were arrested on fraud related to Medicare Part D.

This joint law enforcement effort, which involved the Department of Justice, the Department the Health and Human Services, the Office of Inspector General, and the FBI should be commended. But more work needs to be done at the agency level to ensure that fraudsters are not able to take advantage of the program in the first place.

Thankfully, since the inception of the Part D program, the Office of Inspector General has been working diligently to reduce waste, fraud, and abuse in the program. The OIG has released numerous reports and issued several recommendations intended to strengthen the integrity of Medicare Part D, which would save taxpayers a tremendous amount of money and would ensure that prescription drugs are being used as intended and not overprescribed or diverted.

Unfortunately, CMS has not implemented these recommendations. In its Portfolio, the OIG highlighted at least nine recommendations that CMS has not implemented. All of these recommendations were issued to CMS in at least one previous OIG report, and in some instances, up to five previous reports that date back to December 2006.

And these are commonsense recommendations. For example, requiring plan sponsors to report all potential fraud abuse to CMS or the Medicare Drug Integrity Contractor. This recommendation was issued in five different OIG reports. Another important recommendation: implement an edit to reject prescriptions written by providers who have been excluded from the Medicare program. That makes sense. Yet CMS hasn't taken action to implement these recommendations. Just six weeks ago, one of today's witnesses, Dr. Agrawal testified before this Subcommittee and said, "holding our feet to the fire is appropriate," when asked about fraud occurring under CMS's watch, and that's precisely what we are here to do today.

CMS's failure to implement these recommendations has led to trends of questionable billing associated with pharmacies, prescribers, and beneficiaries. In fact, in its Data Brief which analyzed prescription drug events, OIG found that a lot of questionable billing was tied to "commonly abused opioids." This Subcommittee has held a series of hearings examining the growing problem of prescription drugs and heroin addiction that is ravaging our country. The opioid abuse epidemic resulted in 43,000 lives lost last year and the problem continues to only

get worse. As we examine the Medicare Part D program, it troubles me that between 2006 and 2014, the total number of beneficiaries receiving commonly abused opioids grew by 92 percent, compared to 68 percent for all drugs. Similarly, the average number of prescriptions for commonly abused opioids per beneficiary grew by 20 percent, compared to 3 percent for all drugs. Since 2006, Medicare spending for commonly abused opioids has grown faster than spending for all Part D drugs. We need to take a closer look at these numbers and make sure that this program is not contributing to this devastating epidemic.

The OIG has outlined several common sense recommendations that CMS can implement. Now it is incumbent upon CMS to take action and actually prevent fraud and abuse before it reaches a level that requires a nationwide takedown. The Committee is concerned that it continues to hold hearings like this one today where we see steps not taken and tools not utilized to protect the integrity of these programs as well as our taxpayers' dollars.

I would like to thank our witnesses for joining us —you all have the ability to save the American taxpayer massive amounts of money, and save lives in the process. It is this Subcommittee's hope that we will hear concrete plans from you on how you will go about accomplishing this task.

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