

**Opening Statement of the Honorable Fred Upton
Subcommittee on Oversight and Investigations
Hearing on “Medicare and Medicaid Program Integrity: Combatting Improper Payments
and Ineligible Providers”
May 24, 2016**

(As Prepared for Delivery)

Today, we take a close look at strengthening program integrity within the Medicare and Medicaid programs.

This is a bad news – good news hearing.

The bad news is that reports from the Government Accountability Office and the Health and Human Services Inspector General identify weaknesses in how CMS roots out fraud, waste and abuse.

These reports tell the story of CMS paying out millions of taxpayer dollars on behalf of beneficiaries who turned out to be incarcerated or deceased. They tell the story of physicians who enrolled for Medicare payments and listed addresses located in Saudi Arabia, and at the location of a Five Guys’ burger joint, and CMS did not notice. They explain how CMS continued to pay some physicians whose licenses were revoked, or had been convicted of health care fraud or patient abuse. Overall, these reports show that, despite recent strides, CMS must stay vigilant to combat new and emerging threats to program integrity.

The good news is that there are more tools available to CMS to combat these improper payments. As Medicare and Medicaid continue to grow in size and cost, CMS must use every tool in its box to prevent taxpayer dollars from being spent fraudulently or wastefully.

CMS has recently implemented some new enrollment methods to help screen out fraudulent or ineligible providers. However, there are concerns that they are not being implemented in the best way. A report published last month by the OIG found missing data in the enrollment system, and “gaps” in contractors’ verification of key information on enrollment applications that could leave Medicare vulnerable to illegitimate providers.

For example, contractors conducting site visits found 651 provider facilities were not operational. Despite notes such as the “facility does not exist,” “building has been vacated,” and “suite appeared closed and abandoned,” over half of those providers made it into Medicare’s enrollment system.

Even though this one example constitutes a small percentage of the 16,000 site visits total, it is a symptom of the larger problem. It does not matter how good the processes are if they are not implemented correctly.

But there have been steps toward improvement. Just days before today’s hearing CMS implemented two open GAO recommendations. We look forward to CMS implementing additional recommendations, so we can continue the important work of strengthening the integrity of these critical programs. Every dollar is important when it comes to Medicare and Medicaid. And we owe it to our seniors and the most vulnerable folks in Michigan and across the country to ensure resources are being spent wisely on their quality of care.

###