Committee on Energy and Commerce

Opening Statement as Prepared for Delivery
of
Subcommittee on Oversight and Investigations Ranking Member Kathy Castor

Hearing on "Examining How Improper Payments Cost Taxpayers Billions and Weaken Medicare and Medicaid"

April 16, 2024

Thank you, Mr. Chairman. Welcome to our witnesses, and thank you for your recommendations on how Congress can ensure that America's vital health initiatives, Medicare and Medicaid, remain strong for years to come. Your perspectives on the vulnerabilities related to Medicare and Medicaid fraud and improper payments, and your recommendations on what Congress can do to ensure that tax dollars are spent appropriately, are appreciated and valued.

Improper payments cover a wide range of payment irregularities, including overpayments that are sometimes a result of fraud, but are more often errors; underpayments; payments that cannot be verified due to insufficient documentation; duplicative payments; and payments made in connection with ineligible services, providers, or patients.

Strong oversight to identify and curtail improper payments provides a financial benefit and strengthens program integrity so Medicare and Medicaid can better serve beneficiaries. This requires a coordinated effort between CMS, state agencies, GAO, and the Inspector General. Increasing visibility for all responsible parties into the occurrence and causes of improper payments will allow resources to be directed where they are most needed.

During the pandemic, Congress enacted continuous coverage protections for Medicaid beneficiaries to prevent lapses in coverage. That law was a lifeline for folks who needed access to consistent, high-quality health care during a crisis. Committee Democrats have been closely monitoring how states are making Medicaid redeterminations (the "unwinding") after the public health emergency ended.

In my home state, I am seriously concerned about the unnecessary and improper loss of health coverage for hundreds of thousands of Floridians, especially children. Of the over 1.35 million Floridians who have lost their coverage during the unwinding, an estimated 70% were stripped of vital coverage due to procedural reasons, not because the individuals are no longer eligible for care. And just a few weeks ago, thousands of parents with seriously ill children were notified that their children were losing their coverage.

This is a serious program integrity problem even though it does not fall under the definition of an improper payment. It is denying coverage to people who may remain eligible for care. I'm certainly glad to see that the Inspector General's Office is studying state procedures during the redetermination because the overly aggressive or inept approaches we are seeing in some states is causing undue hardship for vulnerable families.

In Medicare, I have been concerned about the significant upward trend in Medicare Advantage costs and the negative impact on Medicare beneficiaries more broadly. MA plans have been sharply increasing diagnostic coding intensity for their enrollees because it results in higher payments. MedPAC notes that this practice alone could cost Medicare $50 billion in higher spending to MA plans in 2024. CMS has begun implementing policies to increase accountability for MA plans, but we need more transparency to understand its scope.

Oversight and a deeper understanding of the root causes of improper payments, is necessary to ensure that resources are directed toward empowering Medicare and Medicaid to carry out their central missions of providing consistent access to health care for vulnerable patients.

Thank you, Mr. Chairman. I yield back.