Committee on Energy and Commerce

Opening Statement as Prepared for Delivery
of
Ranking Member Frank Pallone, Jr.

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

April 16, 2024

Today's hearing builds on past Committee hearings about how we maintain the integrity of the Medicare and Medicaid programs. I appreciate the continued oversight of these vital programs.

Medicare and Medicaid are two pillars of the nation's health system providing coverage to more than 100 million Americans, particularly seniors, children, disabled Americans, and those living on low incomes.

The Centers for Medicare & Medicaid Services (CMS) annually reports improper payments in traditional Medicare, Medicare Advantage, Medicare Part D, Medicaid, and the Children's Health Insurance Program or CHIP. The agency has implemented numerous policies and guidance to identify, prevent, and recover improper payments, and CMS is continuing to improve its systems.

While not all improper payments are evidence of wrongdoing, it is important to be vigilant about rooting out waste, fraud, and abuse. Program integrity for Medicare and Medicaid have been included on the Government Accountability Office's (GAO) High Risk Lists for many years, indicating the need for efficient monitoring of payment systems on an ongoing basis.

Addressing improper payments should include constructive oversight that protects both the taxpayer and the programs. Unfortunately, too often, the existence of improper payments has been used by some as justification to undermine Medicaid and harm patients who depend on this vital program. These rates most commonly represent procedural and documentation-related errors. And improper payments do not capture the rates that people are inappropriately denied or kicked off of coverage in the Medicaid program—a problem we know is plaguing American families.

Undermining this important program is a callous response to a problem that we can handle in a much more efficient way that prioritizes the health and well-being of beneficiaries and contributes to reducing improper payments. So I hope as we continue our important oversight work of these programs, we keep both patients and taxpayers in mind.

There are specific components in each program that GAO, the HHS Inspector General, MACPAC, and MedPAC have studied closely and recommended for further attention from CMS and Congress. It is helpful that we have all of those perspectives represented today.

Medicare Advantage, for instance, is growing rapidly, and Medicare spending is expected to double over the next ten years. The Medicare Payment Advisory Commission has consistently found that providing care under Medicare Advantage has cost more than under traditional Medicare. Overpayments to Medicare Advantage insurance companies were projected to be $27 billion in 2023 alone.

A deeply concerning report from the Office of the Inspector General last year showed that one out of every eight prior authorization requests to Medicaid managed care plans was denied. While prior authorization denials are not considered improper payments, it is an area of Medicaid payment policy deserving of further study to make sure that patients are not being unfairly denied health care services. In other words, we need to pay attention to both preventing payments to ineligible recipients and protecting benefits for those who are eligible for coverage.

That's why Senate Finance Committee Chairman Wyden and I are leading an investigation into denial rates across these plans that can cut off access to medically necessary services. Patients deserve access to the health care they need without having to jump through unfair bureaucratic hurdles. The Inspector General has also previously reported on similar patterns in Medicare Advantage prior authorization denials that deserve additional oversight.

Last Congress, President Biden and Congressional Democrats championed the Inflation Reduction Act and the American Rescue Plan to rein in health care costs and expand coverage for millions of Americans. These advancements are also strengthening Medicare and Medicaid, so they work better for beneficiaries. Empowering Medicare to negotiate prescription drug prices and cap out-of-pocket costs of insulin, for instance, will produce savings for the government and for patients.

I look forward to hearing from our witnesses today about what other steps this Committee and Congress can take to help CMS ensure that taxpayer dollars are being spent effectively in both Medicare and Medicaid.