

Senator Mel Martinez (R-FL)
Aging Committee Opening Statement
Medicare Fraud Hearing
Washington, DC

Wednesday, May 6, 2009

Good afternoon. Welcome Chairman Kohl. Thank you for joining me today to hear about the problem of fraud and abuse in Medicare and Medicaid. Americans expect Congress and the President to be good stewards of taxpayer dollars. Since almost all of us in this room will someday rely on Medicare for our health care, we all have a personal stake in safeguarding the integrity and solvency of this program.

One of the greatest threats to our nation's health care safety net programs like Medicare and Medicaid is fraud and abuse; and both programs have seen more than their share.

Authorities estimate that health care fraud costs taxpayers more than **60 billion dollars a year**. This fraud perpetrated against Medicare diverts resources that are supposed to finance health care for 43 million American seniors and the disabled. This hurts Medicare beneficiaries, the legitimate businesses that serve these patients, and every taxpayer.

Regrettably, my home State of Florida has a large number of criminals committing Medicare fraud, with some of the most egregious cases in South Florida.

Just two weeks ago, the Department of Health and Human Services' Office of the Inspector General issued a report revealing that **while 2 percent** of the nation's Medicare beneficiaries reside in South Florida, the region **accounts for 17 percent** of Medicare expenditures for one Durable Medical Equipment-related item, inhalation drugs.

The Inspector General found that two-thirds of South Florida Medicare beneficiaries with Medicare claims for these inhalation drugs had not seen a doctor in over 3 years. This raises suspicion that durable medical equipment suppliers are fraudulently billing Medicare for inhalation drugs that doctors have not prescribed.

Another Inspector General review revealed that **eight percent** of the nation's AIDS patients live in South Florida, **yet 72 percent** of federal AIDS medication payments are sent there. In that area alone, there is an estimated 2 billion dollars of fraud.

These are just a couple examples of the systemic fraud and abuse perpetrated against Medicare and the taxpayer.

An example that Mr. Acosta, U.S. Attorney for the Southern District of Florida who is one of our witnesses, recounted to me is of a woman who noticed on her Medicare statement a series of ten-thousand dollar Medicare payments for artificial knees, ankles, a glass eye, and a wheelchair, among other things.

The truth is that she's **completely healthy**, and someone was billing Medicare using her stolen Medicare number.

This is why Senator John Cornyn and I introduced the "Seniors and Taxpayers Obligation Protection" or STOP Act.

Our bill safeguards Medicare beneficiaries' identification from those who would use it to fraudulently bill Medicare, helps providers assure that Medicare isn't billed for items that they did not prescribe, and focuses on real-time fraud prevention and detection. This legislation will help stop Medicare fraud before it starts rather than continue the current practice of "pay and chase."

I thank Senator Cornyn for his steadfast support of this bill. I urge our colleagues on the Special Committee on Aging to join us in taking common-sense steps to prevent Medicare fraud, save taxpayer dollars, and restore peace of mind to physicians and beneficiaries.

Medicaid also has fraud problems. There are the often-cited examples of Medicaid paying for hysterectomies or birth control for male patients. To address this, I recently introduced the "Medicaid Accountability through Transparency" or MAT Act which will

shed light on Medicaid claims by posting claims information on the Web while maintaining patient privacy.

This will help us all to see where and how taxpayer dollars are being spent. This would reveal crime trends that will help us weed out fraudulent spending.

Of course this does not solve all the problems, but would be an easy step forward and would reveal information that hasn't been revealed before.

This is modeled on the "Coburn-Obama" earmark transparency legislation passed by Congress last session. It is, in essence, a "taxpayer right-to-know" issue.

Now Chairman Kohl for your opening statement.

...

Today we have with us five witnesses to speak about the rampant fraud and abuse in Medicare and Medicaid. We look forward to hearing your thoughts on combating fraud and your recommendations for reducing this fraud while maintaining quality of care for beneficiaries.

First we have the **Honorable R. Alexander Acosta**. Mr. Acosta is the United States Attorney for the Southern District of Florida. Mr. Acosta has placed special emphasis on health care fraud prosecutions, hosting the first Health Care Fraud strike force in the nation, and presided over a 30% increase in prosecutions during his tenure. Prior to his appointment as United States Attorney, Mr. Acosta served as the Senate-confirmed Assistant Attorney General for the Civil Rights Division of the United States Department of Justice. Mr. Acosta was the first Hispanic to serve as an Assistant Attorney General at the Department of Justice.

Next is the **Honorable Daniel R. Levinson**, Inspector General at the U.S. Department of Health and Human Services. As Inspector General, Mr. Levinson is the senior official responsible for audits, evaluations, investigations, and law enforcement efforts within one of the largest Departments in the federal government.

Jim Frogue serves as the Center for Health Transformation's chief liaison to state policy projects. His primary areas of focus are Medicaid and Health Savings Accounts. **Robert Hussar** "Hoo-sar" is the First Deputy Medicaid Inspector General for the State of New York's Office of the Medicaid Inspector General. He works with Inspector General to oversee investigations of Medicaid fraud in state agencies and private providers.

Finally, **Stephen C. Horne** is Vice President of Master Data Management and Integration Services for Dow Jones Business and Relationship Intelligence. Mr. Horne has over 30 years experience in large scale data integration and data utilization.