

United States Senate

WASHINGTON, DC 20510

January 9, 2012

Acting Administrator Marilyn Tavenner
Center for Medicare and Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Acting Administrator Tavenner:

As Members of the Homeland Security and Government Affairs Committee, we are very concerned about the billions of dollars that are lost to waste, fraud, and abuse in Medicare and Medicaid each year. As the Administration's nominee to serve as Administrator for the Centers for Medicare and Medicaid Services (CMS), we trust you share our interest in seeing solutions implemented to curb the egregious loss of taxpayer dollars.

While the *exact* amount of dollars lost due to fraud and abuse in public health programs is not established, a range of estimates are available. Leading business intelligence and analytics firm Thomson Reuters has examined evidence from published research and expert opinion to develop an estimate for the amount of waste in the health care system. Thomson Reuters concludes that an estimate of \$700 billion is wasted annually in our health care system, with roughly \$125 billion to \$175 billion of that amount attributed to fraud and abuse throughout the health care system.^[1] Because approximately one in three Americans receives health coverage through Medicare or Medicaid, and because these programs are notorious for being plagued with vulnerabilities, we believe taxpayers lose tens of billions of dollars each year in federal government health programs.

Certainly, the ongoing hemorrhaging of taxpayer dollars due to systemic weaknesses, and even shortcomings in program integrity efforts, has been well-documented by the Government Accountability Office (GAO) and the U.S. Department of Health and Human Services' Office of the Inspector General (HHS OIG). As you know, both GAO and HHS OIG have suggested a large number of common-sense measures that should be adopted to curb the huge loss of taxpayer dollars due to fraud and abuse. Unfortunately, many of these straightforward solutions remain unimplemented, despite that the Administration has the ability to adopt many solutions administratively.

The need to adopt more proven, available solutions is abundantly clear. Thomson Reuters recently published a special report, *Mediscam*, which detailed "how criminals easily form fake companies to swindle millions from Medicare." As the report and related news stories

^[1] Robert Kelly, Vice President for Healthcare Analytics at Thomson Reuters, "Where Can \$700 Billion In Waste Be Cut Annually From The U.S. Healthcare System?" October 2009. <http://www.factsforhealthcare.com/whitepaper/HealthcareWaste.pdf>

highlighted, taxpayers lose millions of dollars due to fraudsters forming fake shell companies that often exist largely undetected across our country. To identify questionable and ultimately fraudulent entities billing Medicare, the investigative team behind *Mediscam* simply checked Medicare billing numbers and addresses against actual physical locations using Google Earth. This method of matching addresses to physical locations by using a free product available on the Internet is a good example of how powerful it can be to use a simple existing technology to prevent fraud and save taxpayers from losing millions of dollars.

In your role as Acting Administrator of CMS, and in our roles as U.S. Senators, we all have a duty to taxpayers to do all we can to carefully steward taxpayer dollars and to ensure the integrity of the Medicare and Medicaid programs. In light of this fact, in our roles as Senators overseeing these programs, we have two questions for your consideration:

1. Now that you are Acting Administrator of CMS, what existing unimplemented HHS OIG or GAO recommendations is CMS considering implementing to reduce fraud, what steps is CMS currently taking to implement those recommendations, and when will they be implemented?
2. What number of Medicare and Medicaid program integrity staff or contractors use Google Earth to match supplier or provider addresses against actual physical locations *before bills are paid* to prevent fake shell companies from bilking the programs?

Thank you for your consideration of this request. We look forward to your timely reply.

Sincerely,



Tom Coburn, M.D.
U.S. Senator



Scott Brown
U.S. Senator