



June 22, 2011

The Honorable Tom Carper
The Honorable Tom Coburn
United States Senate
Washington DC 20510

Dear Senator Carper and Senator Coburn:

On behalf of the 362,000-member National Taxpayers Union (NTU), I am pleased to offer our praise and support for the many fiscal reforms contained in the “Medicare and Medicaid Fighting Fraud and Abuse to Save Taxpayers’ Dollars Act,” or FAST Act. This legislation would introduce vital and long-overdue pro-taxpayer administrative and accountability measures to the federal government’s two major health programs.

Although laws such as the Improper Payments Elimination and Recovery Act have been helpful in the ongoing struggle to improve the financial management of Medicare and Medicaid, these two programs alone made a combined \$70.5 billion in erroneous payouts last year, according to testimony given in March from the Government Accountability Office. Owing to their very structures, which involve multiple layers of bureaucracy and vast networks of third-party payers, these systems are among the most susceptible in the entire government to waste, fraud, and abuse. Nonetheless, this should not serve as reason to simply accept absurd levels of squandered tax dollars as the “price” for providing these benefits.

The FAST Act would take numerous steps to improve the fiduciary practices behind Medicare and Medicaid. Among the reforms NTU strongly supports is a more formal process for addressing vulnerabilities in payment transactions identified by Recovery Audit Contractors (RACs). In August 2008 comments to the Senate Committee on Finance, NTU supported what was at the time more limited pilot programs allowing RACs to identify savings in certain parts of Medicare. These programs, which we called “remarkably cost efficient,” have over time created an equally remarkable archive of institutional knowledge that could help prevent improper payments before the fact, not merely identify and recover them after the fact. Your bill would hold the Department of Health and Human Services more accountable for embracing this “learning curve,” which could also potentially benefit providers by giving them more concrete claims processing guidance in advance. The cause of “payment education” will be admirably served through additional sections of the FAST Act requiring expanded prepayment review of Medicare claims (and better tracking of rejected ones), along with special review procedures for durable goods – an area that exposes taxpayers to a high degree of risk. Another cornerstone of the FAST Act relates to improvements in data-sharing among federal and state agencies (as well as oversight contractors) to improve record-matching and pattern-detection procedures. These provisions too will begin transforming the management cultures at Medicaid and Medicare to ones more intensely committed to preventative, as opposed to reactive, fiscal stewardship. New technologies the FAST Act proposes, such as pilot programs using smart cards, offer further promise of such a transformation.

Ultimately, other fundamental reforms to Medicare and Medicaid must be undertaken to protect taxpayers from trillions of dollars in unfunded liabilities. These should include concepts that more actively empower beneficiaries to control their health care spending, and strengthen the relationship between patient and provider. Other government-wide proposals to reduce waste, fraud, and abuse, such as legislation offering better protection for whistleblowers, could be of great value to taxpayers as well. For too long, however, Medicare’s and Medicaid’s bureaucracies have been slow to accept their responsibility for absorbing cost-control techniques that at least some of the other entities involved in these systems (such as RACs) have begun to adopt. Many provisions of the FAST ACT can aid this evolutionary fiscal process, and NTU looks forward to working with you and your colleagues in ushering them to passage.

Sincerely,

Pete Sepp
Executive Vice President