



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

TO: Reporters and Editors
RE: Initiative to Protect Federal Health Programs
DA: Friday, August 27, 2004

Sen. Chuck Grassley, chairman of the Senate Committee on Finance, issued the following statement about the announcement made today by the Centers for Medicare and Medicaid Services (CMS) concerning its effort to protect federal health programs. One of the initiatives that CMS will be taking responds directly to a problem identified by Sen. Grassley during a hearing he conducted in April. This hearing focused on fraud against Medicare's power-wheelchair program and revealed that action to prevent rampant fraud in this area had not been taken even though CMS was alerted to the high risk of fraud in 1997.

Last week the Government Accountability Office (GAO) released a report conducted at Sen. Grassley's request, which found that Medicaid's size and diversity make it vulnerable to fraud and abuse. The GAO report concluded that "CMS's oversight of the states' Medicaid program integrity efforts may be disproportionately small relative to the size of the federal investment and risk of serious financial loss." Responding to the GAO report, Sen. Grassley wrote CMS last week and asked for more intense oversight of Medicaid.

"The Medicare Modernization Act enacted late last year established a series of new programs and benefits for Medicare beneficiaries, including the first-ever voluntary prescription drug benefit starting in January 2006. It's unfortunate, but true, that when the federal government makes new programs and benefits available, scam artists also get to work devising ways to swindle money from beneficiaries. It's good to see the agency that runs the Medicare and Medicaid programs taking a lessons-learned approach and working to identify and prevent fraud before true harm is done. These initiatives are a positive step forward."