



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Tuesday, September 14, 2004

Grassley, Baucus Seek Resources for Inspector General at HHS

WASHINGTON — The leaders of the Senate Committee on Finance today sent the following letter to Senate appropriators to ask that adequate resources be provided to the Inspector General for the Department of Health and Human Services.

Here is the text of the letter signed by Sen. Chuck Grassley of Iowa, chairman of the Finance Committee, and Sen. Max Baucus of Montana, ranking member of the Finance Committee.

September 14, 2004

The Honorable Arlen Specter
Chairman
Senate Subcommittee on Labor, Health
and Human Services, and Education
United States Senate
Washington, D.C. 20510

The Honorable Tom Harkin
Ranking Member
Senate Subcommittee on Labor, Health
and Human Services, and Education
United States Senate
Washington, D.C. 20510

Dear Arlen and Tom:

As the Department of Health and Human Services, Office of Inspector General (OIG) undertakes the task of overseeing the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), we urge you to ensure that adequate resources are provided to support the OIG. Due to its increased oversight responsibilities, the OIG has informed us that the OIG's resources are presently inadequate to provide the appropriate level of oversight, both for implementation of the MMA and

for the OIG's workload generally. Aside from the new OIG responsibilities mandated by the MMA, the Medicare and Medicaid programs continue to grow and have placed greater demands on the OIG. We concur with the OIG that at least \$35 million is necessary for the OIG to conduct its new MMA-related activities and to address its increased workload.

The OIG has been closely monitoring the MMA since its passage, and has identified a number of areas that demand its attention, specifically with respect to monitoring the implementation of the prescription drug provisions. While MMA oversight will be a concerted effort by the OIG, CMS, and the Department of Justice, the MMA brings new responsibilities to the OIG in particular. According to the OIG, the MMA program poses numerous oversight challenges:

The MMA brings new responsibilities to the OIG and increased challenges in providing an adequate level of prudent oversight to the program. In response to the mandatory provisions of MMA, the OIG will initially focus on audits of drug manufacturers and surveys of market prices of Medicare Part B drugs; statutory requirements relating to safe harbors for electronic transmission of drug prescriptions and collaborative efforts of Federally Qualified Health Clinics; effects of Medicare payment rates on the availability of hematology and oncology drugs; prices of drugs included in the end stage renal disease composite rate; payment methods for training residents in non-hospital settings; and notices to beneficiaries relating to hospital lifetime reserve days. In addition to the mandatory work, OIG will initiate appropriate investigations, audits and evaluations and provide advice and technical assistance on the impact of the MMA on the Medicare program. After careful consideration, OIG has identified several areas with the greatest potential for program integrity vulnerabilities and challenges under the MMA.

Congress routinely relies on the OIG's important oversight work and its of paramount importance that we provide the OIG with resources commensurate to the task it faces. As you know, the MMA provided \$1 billion to CMS so the agency could fulfil its immediate implementation responsibilities. It was the intent of the conferees that the OIG would receive adequate funding for its additional MMA responsibilities out of these resources. Due to a technical issue in the drafting of the MMA, however, CMS is unable to redirect to the OIG any of the \$1 billion. We have been informed by the OIG that they require \$25 million in FY2005 to adequately fulfill responsibilities under the MMA, and, accordingly, we would urge the Appropriations Committee to redirect \$25 million of the \$1 billion provided to CMS to the OIG.

We look forward to working with you on this funding priority.

Thank you very much for your attention to these crucial concerns, and if you or your staff have any questions, please feel free to contact our staff.

Sincerely,

Charles E. Grassley
Chairman, Committee on Finance

Max Baucus

Ranking Member, Committee on Finance