



# United States Senate

## Committee on Homeland Security and Governmental Affairs

Senator Susan M. Collins

### Statement of Senator Susan M. Collins

#### **“Medicare Vulnerabilities: Payments for Claims Tied to Deceased Doctors”**

#### **Committee on Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations**

**July 9, 2008**

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MR. CHAIRMAN, I commend the Chair and Ranking Member for calling this morning’s hearing which is based on the Subcommittee’s investigation into waste, fraud and abuse in the Medicare program, with a particular focus on durable medical equipment claims.

When I first came to the Senate in 1997, I had the honor and privilege of serving as Chairman of this Subcommittee. The very first hearing that I chaired was focused on the Subcommittee’s ongoing efforts to investigate and expose fraud and abuse in the Medicare program, with the twin goals of protecting the taxpayer from unscrupulous individuals who were stealing literally billions of dollars from Medicare and of protecting elderly and disabled Americans who rely upon this critically important program for their health care needs.

During the course of our investigation, we learned that the Medicare program loses more than \$20 billion a year to waste, fraud and abuse. Moreover, our investigation revealed far too many instances where the then-HCFA and its contractors regularly wrote checks first and asked questions later. For example, we discovered that Medicare had paid over \$6 million to durable medical equipment companies that provided no goods or services whatsoever. One of these companies even listed an absurd fictitious address, that, had it existed, would have been in the middle of the runway of the Miami International Airport.

Sadly, as the Subcommittee’s current investigation reveals, little has changed. Unscrupulous actors continue to take advantage of the system, wasting billions of taxpayer dollars and undermining the credibility of the Medicare program in the process.

The Subcommittee’s current investigation has found that Medicare has paid as much as \$92 million over the past seven years for durable medical equipment claims containing the identification numbers of deceased prescribing physicians, many of whom had died ten years or more before the service date on the claims.

Moreover, these problems are not new. In 2001, the HHS Inspector General reported that Medicare paid \$91 million in 1999 for medical equipment and supply claims with invalid or inactive numbers. In response to this report, CMS did take steps to reject claims containing the provider identification numbers of deceased physicians. These efforts, however, have evidently not been successful, since the claims are still being paid.

MR. CHAIRMAN, it is my hope that PSI’s investigation and report will help lay the groundwork for legislative and administrative reforms to address this problem once and for all. Our nation’s taxpayers and the seniors and disabled Americans who depend on the Medicare program deserve no less.

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