TESTIMONY
OF
CONGRESSWOMAN MICHELE BACHMANN
BEFORE THE
JOINT HEARING OF HOUSE OVERSIGHT AND GOVERNMENT REFORM
IN THE
THE SUBCOMMITTEE ON HEALTH CARE, DISTRICT OF COLUMBIA,
CENSUS AND NATIONAL ARCHIVES
AND
THE SUBCOMMITTEE ON REGULATORY AFFAIRS,
STIMULUS OVERSIGHT AND GOVERNMENT SPENDING

"IS GOVERNMENT ADEQUATELY PROTECTING TAXPAYERS FROM MEDICAID FRAUD?"

April 25, 2012

Chairman Jordan, Ranking Member Kucinich, Chairman Gowdy, Ranking Member Davis and Committee Members, thank you for your attention to this critical matter: Medicaid fraud.

In the previous months, my office has been made aware of the possibility of fraud within Minnesota's Medicaid program. This is alarming and warrants further investigation. Much of the information we received seems to point directly to the lack of any verifiable or meaningful data from the four managed care organizations (MCOs) who are contracted to administer Minnesota's Medicaid Program. Since this is the very data that Minnesota uses to bill the federal government for their 50 percent Medicaid contribution, we must ask an important question: without the MCOs providing verifiable and meaningful data, how is Minnesota able to determine what amount to bill the federal government? Furthermore, how does the federal government know that it is being legitimately billed?

Unfortunately, Minnesota isn't the only state that lacks accountability. In August 2010, the GAO published a report that was critical of the lack of oversight by the Centers for Medicaid and Medicare Service, or CMS. According to the GAO:

"When reviewing states' descriptions of the data used to set rates, CMS officials focused primarily on the appropriateness of the data rather than their reliability. With limited information on data quality, CMS cannot ensure that States' managed care rates are appropriate, which places billions of federal and state dollars at risk for misspending." *[GAO 10-810]*

“Billions of dollars at risk.” This is unacceptable. Please note these are the government’s words: “Billions of dollars at risk.”

It appears that a lack of proper auditing has fostered a breeding ground for Medicaid fraud. In the history of Minnesota’s Medicaid program, the MCOs have never once been required to demonstrate any success in improving costs or outcomes. There has not been a single, true third-party independent audit since its inception. If the MCOs have not undergone an independent third-party audit, then how do we know that other state, private, and personal interests are not being funded through the federal Medicaid program?

The answer is, “We don’t know.”

For this reason, in the coming weeks I will introduce, “The Medicaid Integrity Act of 2012.” This is not a partisan issue. It is my hope that this bill will garner bipartisan support because it protects Medicaid dollars and their intended recipients by requiring independent, third-party audits of managed care financial statements and state contracts.

Title 42 of the Public Health Code states that "The Medicaid agency [CMS] must assure appropriate audit of records if payment is based on costs of services or on a fee plus cost of materials." My bill will hold CMS accountable to their task of seeing that those state audits are done or there will be consequences.

This is why accountability is more important than ever. With Medicaid expansion mandated under the President’s health care overhaul, 21 percent in Minnesota alone, the United States government must know where the taxpayer dollars are going. It is not out of the realm of possibility that as time goes on; we will find many instances where federal Medicaid money has been fraudulently used. I believe my legislation will stop fraud in its track. Furthermore, it will provide a remedy that will allow us to be good stewards of Medicaid dollars and bring transparency back to the system.

The taxpayers are depending on us.

Again, thank you for holding this very important hearing.