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DeLauro Fights Back Against Fraud, Wasteful Spending

Washington, DC— Congresswoman Rosa L. DeLauro (CT-3), Ranking Member on the Labor, Education, Health, and Human Services Appropriations Subcommittee, made the following opening statement today at the Hearing on improper payments.

As Prepared for Delivery

Thank you, Mr. Chairman. And thank you to today's panelists for coming to testify before us this morning.

Everyone in this room agrees that our government should be as efficient as possible. I know that the Administration has made improving program integrity and reducing improper payments a high priority. And, over the past years, we have focused on these issues here at the subcommittee as well.

This administration has moved aggressively in this area – with a vigorous effort to ferret out waste, fraud and abuse.

The president has signed an executive order 13520 to this effect. It will requires that improper payments be reduced by intensifying efforts to eliminate payment errors, waste, fraud, and abuse in the major programs that are administered by the Federal Government, while continuing to ensure that Federal programs serve and provide access to their intended beneficiaries.

To help implement it, this Congress included \$37.5 million in the 2010 Consolidated Appropriations Act. The funds also establish a Partnership Fund for Program Integrity Innovation –helping States create pilot projects to reduce improper payments without reducing participation among eligible populations. Every project must save at least as much as it costs.

For the first time, we dedicated discretionary funds to fight waste, fraud and abuse.

The Subcommittee has focused on this and the bill reported out by the Labor-HHS Subcommittee last year included three major program integrity initiatives totaling \$1.4 billion – an 89 percent increase above the level two years earlier – in the areas of health care, Social Security and Unemployment Insurance.

That bill also took specific steps to respond to reports by the Government Accounting Office concerning possible fraud in some discretionary programs at the Department of Health and Human Services' Administration on Children and Families.

The bill responded with \$7.5 million for the Inspector General to conduct comprehensive audits in those areas, funds to the program offices for better monitoring of grantees, and a requirement that the Secretary report quickly concerning the steps she was taking to address the GAO's

concerns.

I hope that our subcommittee will continue this commitment to taking concrete steps that will actually improve program integrity.

Unfortunately, right now this Congress seems to be going in a different direction. We are going to hear today about problems of improper payments in Medicare. Yet, even as the number of Medicare beneficiaries is rising, H.R. 1, the majority's appropriations bill that passed the House last month, cuts appropriations for Medicare and Medicaid operations by \$458 million, or 13 percent below last year.

A reckless cut, in my view, that will stop any progress on reducing fraud and improving payment accuracy dead in its tracks. The Center for Medicare Services will have a hard enough time just paying bills on time for services to Medicare patients by doctors and hospitals. Under the majority's budget, they will have very little chance to actually pay attention to and review what it is they are paying.

Similarly, as a result of increased need during the recession, Social Security has a large backlog of claims for disability benefits. Families are waiting for resources they both need and deserve.

But this resolution cuts funding for the Social Security Administration by over a billion below the president's request. That means less staff, probably furloughs, even bigger backlogs, and less chance to detect fraud and improve accuracy.

In the end, denunciations of waste and fraud are not enough. Adding more rules is not enough. Addressing problems of improper payments requires careful attention from skilled people who can scrutinize claims to look for troubling patterns and make sure systems are working correctly. You cannot furlough workers and reduce the size of the workforce and expect to get better results in program integrity.

We also should not be focused just on social insurance programs. There may be a tendency to

concentrate on Social Security, Medicare, and UI because they are large and therefore produce dramatic numbers, and because techniques are available for measuring payment accuracy rates. But we also need to be looking at other places where waste and inefficiency abounds – like federal contracting. We also ought to take a look at defense contracting as well.

Spending on contractors increased at an average rate of 12 percent per year between 2000 and 2008. And yet many agencies seemed to have little idea how many contract personnel were actually working for them, or what they were all doing. The Administration and the last Congress had been working to get a handle on those expenses, and bring some rationality to the process. I hope those efforts will continue.

We also need to look at our tax system, and the billions of dollars in tax revenues that are being lost through tax avoidance schemes and poor enforcement. For example, companies that set up accounts overseas to limit lax liabilities to the U.S.

In everything we do, we should not just be looking at the little guy, but also at large corporations and wealthy individuals who are gaming the system. No one should be allowed to commit fraud, and no one should be getting more than they are supposed to. But, in a time of limited resources, good business sense argues for concentrating our efforts where the biggest possible savings might be achieved.

Thank you, and I look forward to today's testimony.

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