

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY
RANKING MEMBER • SENATE COMMITTEE ON FINANCE

<http://grassley.senate.gov>
press_office@grassley.senate.gov

Contact: Jill Kozeny, 202/224-1308
Jill Gerber, 202/224-6522

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Grassley Initiates GAO Review of Key Anti-health Care Fraud Shop

WASHINGTON -- Sen. Chuck Grassley, ranking member of the Committee on Finance, today announced he has initiated an outside review of whether changes at the Health and Human Services Inspector General's Office will result in weaker policing of health care fraud.

"The taxpayers fund billions of dollars of federal health care programs," Grassley said. "If fraud-fighting efforts break down, the taxpayers will suffer. Those who care about the taxpayers' wallets, beneficiaries' care, and good government have to make sure the nation polices health care fraud as aggressively as possible."

Grassley and Sens. Max Baucus, chairman of the Finance Committee, and John Breaux, chairman of the Special Committee on Aging, asked the General Accounting Office, Congress' auditing arm, to assess whether key personnel changes at the Health and Human Services Inspector General's Office will hinder the office's performance. The audit, which the GAO has agreed to perform, will evaluate whether the office is fulfilling its anti-fraud mission; will compare the office's performance with past activities; and will establish a baseline against which to assess future activities.

Grassley said he initiated the audit because he received numerous allegations from several whistleblowers about significant personnel changes in the Inspector General's Office since Inspector General Janet Rehnquist took office in August 2001. The whistleblowers have told Grassley there have been 19 senior level staff changes -- an exceptionally high figure for that office. The whistleblowers say Rehnquist has mandated involuntary retirements and re-assignments for career employees with stellar reputations for fighting fraud, waste, and abuse in federal health care programs, including several recipients of presidential awards.

Grassley said the taxpayers have lost the benefit of years and years of experience fighting government waste and fraud. Specifically, the whistleblowers say that of the six deputy inspectors general in place when Rehnquist took office, all have been re-assigned or are otherwise no longer in their positions. They are: the principal deputy inspector general, with 33 years of government experience; the deputy inspector general for management and policy, with 30 years of experience; the deputy inspector general for evaluation and inspections, with 33 years of experience; the deputy inspector general for audit services, with 37 years of experience; the counsel to the inspector general, with almost 30 years of experience; and the assistant inspector general for audit operations and financial statement activities.

"I can't overlook the loss of high-ranking government servants with decades of service who have performed their jobs well," Grassley said. "My judgment of their performance is based on my

observation and that of other senators, and that of the White House over the years. I want the GAO to determine whether the loss or transfer of these key people will erode this office's performance.

"I can understand the need to clean house at a place where the wheels have fallen off, such as the Federal Bureau of Investigation or the Department of Defense Inspector General's Office. However, the Health and Human Services Inspector General has had a very good reputation for many years, so that makes me question more closely the need for such personnel action."

The substantial loss of quality employees at the Health and Human Services Inspector General's Office requires a thorough review by the unbiased General Accounting Office (GAO), Grassley said.

"Because the inspector general's office is so important to protecting Medicare and other programs, my colleagues and I have asked GAO to begin this study as soon as possible and to keep us periodically informed," Grassley said. "I urge Inspector General Rehnquist to refrain from any personnel changes involving senior career staff until the GAO makes its results public."

The GAO has not yet offered a targeted completion date for its review.

The text of the Grassley-Baucus-Breaux request letter to the General Accounting Office follows.

October 22, 2002

Via Regular Mail and Facsimile: (202) 512-9096

The Honorable David M. Walker, Comptroller General
Dr. William J. Scanlon, Managing Director
Health Care Team
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Re: HHS OIG Management Review

Dear Mr. Walker and Dr. Scanlon:

As you know, the Office of Inspector General of the Department of Health and Human Services (HHS-OIG) is charged by law with protecting the integrity of Department of Health and Human Services programs as well as the health and welfare of the beneficiaries of those programs. As part of its mission, the HHS-OIG performs audits, evaluations, and investigations involving the Medicare, Medicaid, and Children's Health Insurance Programs, which together comprise more than \$350 billion of the annual federal budget and which serve more than 70 million young, elderly, disabled and low-income Americans. Over the years, the HHS-OIG has made findings and recommendations which have led to countless budget savings, improved program integrity and management, and substantial civil and criminal recoveries.

Because the HHS-OIG's role in safeguarding these vital programs is of tremendous importance, and because we are concerned about the impact of the loss or reassignment of several senior managers on OIG operations, we are requesting that the U.S. General Accounting Office (GAO) perform a management review of the HHS-OIG – including both its headquarters and field

offices. The purpose of this review is to assess the HHS-OIG's performance with regard to its mission, to compare its performance with past activities, and to establish a baseline against which to assess future activities.

Specifically, we would like GAO to examine key management and operational issues affecting productivity and morale. The study should examine trends in the number and intensity of audits, inspections, and other HHS-OIG issuances; resource allocation; human resource management; the OIG's partnership activities with the law enforcement community; and the implementation of management policies and procedures which ensure the independent operation of the HHS-OIG.

Thank you for your prompt attention to this matter. We look forward to working with you on this important project.

Sincerely,

Max Baucus
Chairman

Charles E. Grassley
Ranking Member

John Breaux
Chairman, Senate Special Committee on Aging

cc: The Honorable Tommy Thompson
The Honorable Janet Rehnquist