

UNITED STATES SENATOR • IOWA
CHUCK GRASSLEY

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

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

For Immediate Release
Tuesday, July 3, 2001

Grassley Investigates Spending Abuses in Federal AIDS Program

WASHINGTON – Sen. Chuck Grassley, a leader of the Committee on Finance, has asked federal auditors to examine a series of reports detailing spending abuses in the Ryan White AIDS treatment program.

“Shopping trips and Caribbean conferences don’t help AIDS patients,” Grassley said. “Care and treatment help AIDS patients. As long as this illness exists, every tax dollar in the Ryan White program must go toward care and treatment. That’s what Congress intended in passing this law.”

The Ryan White Comprehensive AIDS Resources Emergency (CARE) Act of 1990 (Public Law 101-381) provides funding to states and other public or private non-profit entities to develop, organize, coordinate and operate more effective and cost-efficient systems for the delivery of essential health care and support services to medically under-served individuals and families affected by HIV disease. The program received \$1.8 billion in Fiscal Year 2001.

Grassley said he was disturbed to see media reports describing improper spending of Ryan White program funds on items such as shopping trips, psychic hotline calls, a conference in the Virgin Islands and embezzlement. Grassley and Sen. Max Baucus, chairman of the Committee on Finance, have asked the Health and Human Services Inspector General to perform detailed audits of selected Ryan White CARE Act grant recipients.

“There’s an important lesson for the government here,” Grassley said. “Writing checks is only half the job. The other half is monitoring how the taxpayers’ money is spent. We have to ensure that federal spending flows only to the people in need.”

The Grassley-Baucus letter follows.

June 26, 2001

Ms. Janet Rehnquist
Inspector General Designate
Department of Health and Human Services
Washington, D.C.

Dear Ms. Rehnquist:

As the Finance Committee considers your nomination to be inspector general (IG) for the Department of Health and Human Services (HHS), we wish to bring to your attention concerns about the Ryan White CARE Act and possible inappropriate or improper spending under that program.

Unfortunately, too often in Congress and the executive branch we believe our work is done when the money has been appropriated or the check has been sent. It is critical that we ensure that taxpayer monies are used for their designated purpose and are not wasted or mismanaged.

Recent news accounts have highlighted questionable spending funded under the auspices of the Ryan White CARE Act:

- *The Indianapolis Star* (October 15, 2000) conducted an investigation of AIDServe that showed that the organization “. . . mismanaged hundreds of thousands of dollars, with devastating consequences for sick people . . .”

- *The Dallas Morning News* (June 16, 2000) reported that the Margaret K Wright Clinic spent \$60,000 on psychic-hotline calls as well as shopping trips to Neiman Marcus;

- *The Washington Post* (May 22, 2000) highlighted a conference in the Virgin Islands last year on HIV/AIDS supported by the HIV/AIDS Bureau at the Health Resources Services Administration (HRSA) at HHS which oversees the Ryan White program; and,

- *The Washington Monthly* (April 2001) catalogued a wide range of abuses in the Ryan White program, ranging from the embezzlement of \$500,000 from the Central Florida United AIDS Resources in Florida to the misuse of funds in a grant to Drugs and AIDS Prevention among African-Americans (DAPAA) in North Carolina.

The host of stories highlighting misuse of Ryan White CARE Act Funds is certainly discouraging because it means that not only are taxpayers' dollars wasted, but also thousands of individuals suffering from HIV/AIDS are being denied the care and assistance that they need -- and that Congress intended to provide them.

We recognize that some of the above abuses are now subjects of investigation by HHS, the FBI or state agencies. However, it is critical to note that these abuses were not first discovered by HRSA at HHS. In addition, we would note that HHS IG in a report on Ryan White stated:

This study is not an evaluation of the Ryan White program or any individual grantee. We did not ask for explanations of why funds were spent as they were, or obtain any description of the services grantees provided, including their quality or effectiveness. Nor did we independently verify the consortia expenditures States reported to us.

It appears there has been an climate at HHS, and particularly at HRSA, not to be particularly questioning about how the Ryan White CARE Act funds are spent.

In the Ryan White CARE Act Amendments of 2000, Congress responded to concerns about the improper spending of grantees by requiring States (or Subdivisions) to prepare audits of grants and for the Secretary of HHS to annually select representative samples of such audits, prepare summaries of the selected audits, and submit the summaries to the Congress.

However, given the troubled history of some of the grants under this program, we request that the Office of the Inspector General (OIG) at HHS go beyond the preparation of summaries of audits performed by state agencies and look at performing its own audits of selected Ryan White CARE Act grant recipients. Unlike earlier OIG audits involving Ryan White programs and grantees, we request that, inter alia, the OIG ask for explanations of why funds were spent as they were; whether those expenditures were valid and necessary; obtain description of services grantees provided, including their quality or effectiveness; **and**, independently verify claims of quality and effectiveness as well as all expenditures.

We know that you are not in a position to formally commit the OIG to this undertaking prior to your confirmation. However, we ask for your response by July 9, 2001, to the concerns raised in this letter and about whether you would make this a priority in your work at HHS.

Thank you for your time and courtesy on this matter.

Cordially yours,

Charles E. Grassley
Ranking Member

Max Baucus
Chairman