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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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April 7, 2017

Mr. Jeffery S. Davis  
Acting General Counsel  
Department of Health & Human Services  
Room 713-F  
200 Independence Ave. SW  
Washington, DC 20201

Dear Mr. Davis:

On March 17, 2017, I wrote to you asking you to describe the processes by which the Administrator of the Centers for Medicare & Medicaid Services (CMS), Ms. Seema Verma, would comply with conditions in her ethics agreements and government ethics regulations concerning her consulting work for eight states prior to her appointment. While you have failed to date to respond to my earlier letter, I am writing to you today to ask for explanations concerning the processes by which she will comply with those same ethics requirements with regard to Health Management Associates (HMA), which reportedly completed the acquisition of her consulting firm, SVC, Inc. on Friday, March 31, 2017.<sup>1</sup> Ms. Verma previously contracted with HMA and with a number of other health service firms that do business with CMS and State programs falling under CMS's purview. I am requesting explanations for how Administrator Verma's ethics requirements will be met regarding those firms.

HMA is a major national consulting firm primarily focused on serving clients in the publicly funded health care space such as Medicaid and the Children's Health Insurance Program (CHIP). With offices in 16 states, HMA contracts with Federal and State governments as well health plans, health care systems, and others. According to HMA's own website, HMA assists these clients on a number of fronts including developing policy, evaluating legislation and policy changes, and writing proposals for federal funding.<sup>2</sup>

Administrator Verma's January 31, 2017 agency ethics agreement makes specific provision for situations related to the expected acquisition of her consulting company, SVC, Inc. by HMA. As noted above, HMA reports that this acquisition was completed late Friday.<sup>3</sup> The agreement provides that she "...will not participate personally or substantially in any particular matter involving specific parties in which I know SVC Inc. or the purchaser of SVC Inc. is a

<sup>1</sup> <https://www.healthmanagement.com/blog/hma-completes-acquisition-svc/>

<sup>2</sup> <https://www.healthmanagement.com/what-we-do/government-programs-uninsured/medicaid/>

<sup>3</sup> <https://www.healthmanagement.com/blog/hma-completes-acquisition-svc/>

party or represents a party unless I am authorized to participate, pursuant to 5 C.F.R. §2635.502(d).” She is also bound by the requirements and restrictions of the President’s Executive Order dated January 28, 2017 (“Ethics Commitments by Executive Branch Appointees”). The Executive Order states, in the pertinent part, that covered officials “...will not for a period of 2 years from the date of my appointment participate in any particular matter involving specific parties that is directly and substantially related to my former employer or former clients, including regulations and contracts.”<sup>4</sup>

In addition to HMA, Administrator Verma provided consulting services to a number of other firms that have contracts involving federal Medicaid dollars and CMS programs. Several of these firms are specifically identified in Part 4 of her OGE Form 278(e) filing made on December 10, 2016, including HighPoint Global, Hewlett Packard, Milliman, and Maximus. Maximus, for example, has stated to the U.S. Securities and Exchange Commission that it is the largest provider of “Medicaid enrollment and Children’s Health Insurance Program (CHIP) services in the U.S.”<sup>5</sup>

Given Administrator Verma’s role in overseeing CMS programs including Medicaid and CHIP as well as related contracts and federal spending, please describe the following:

- 1) The process that will be put in place to ensure that the terms and provisions of Administrator Verma’s ethics agreement are fully complied with by her with regard to HMA and any of its clients.
- 2) The process that will be put in place to ensure that Administrator Verma fully complies with the Department’s ethics regulations with regard to any matters related to HighPoint Global, Hewlett Packard, Milliman, Maximus, and any other contractors that fall under Administrator Verma’s ethics agreement.
- 3) The process that will be put in place to ensure that the requirements and restrictions of the January 28<sup>th</sup> Executive Order on ethics will be fully complied with by Administrator Verma with regard to the Medicaid Program and relationships with HMA, HighPoint Global, Hewlett Packard, Milliman, Maximus, and any other relevant contractors.

Because the acquisition of SVC, Inc. by HMA has now been completed, I request your response no later than close of business on April 21, 2017. I am also renewing my request for your timely response to my March 17, 2017 letter which asked you to provide information on Administrator Verma’s state conflicts by the close of business on March 31.

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<sup>4</sup> The definition of “any particular matter involving specific parties” is more expansive in scope than that contained in the Federal ethics regulations. For the purposes of the Executive Order, it shall have “the same meaning as sort forth in section 2641.201(h) of title 5, Code of Federal Regulations, except that it shall also include any meeting or communication relating to the performance of one’s official duties with a former employee or former client, unless the communication applies to a particular matter of general applicability and participation in the meeting or other event is open to all interested parties.”

<sup>5</sup> Form 10-K, Maximus Inc – MMS, Filed November 21, 2016 (period: September 30, 2016), p. 4, <https://www.sec.gov/Archives/edgar/data/1032220/000103222016000249/mms-2016x09x30x10k.htm>

Sincerely,

*Ron Wyden*

Ron Wyden  
Ranking Member  
U.S. Senate Finance Committee