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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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October 1, 2019

VIA ELECTRONIC TRANSMISSION

The Honorable Alex Azar II
Secretary
Department of Health and Human Services

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid

Dear Secretary Azar and Administrator Verma:

On August 13, 2019, the Department of Health and Human Services Inspector General (OIG) issued a Fraud Alert for genetic testing scams.¹ In that alert, the OIG stated that scammers have offered Medicare beneficiaries free genetic test screenings “to obtain their Medicare information for identity theft or fraudulent billing purposes.”² On September 27, 2019, the OIG announced the results of a fraud investigation that resulted in charges against 35 individuals for their alleged participation in genetic fraud schemes involving potentially \$2.1 billion in losses.³

These scammers are allegedly using public events, door-to-door visits, and telemarketing to scam beneficiaries and defraud the taxpayer. Recent reports have shown that companies have hired a web of “recruiters” to visit local events and are paid up to \$200 a swab for genetic testing, specifically for genetic cancer tests, and that some make up to \$10,000 a month.⁴ Many beneficiaries are told the tests won’t cost them anything and that they would get results in four to six weeks.⁵ However, reports indicate that many of them never receive their results but Medicare has been billed thousands of dollars – sometimes more than \$10,000 – in their name.⁶ Although the beneficiaries aren’t charged a fee, the taxpayers foot the bill for the tests, and many

¹Health and Human Services Inspector General, *Genetic Testing Scam*, (Sept. 27, 2019), https://oig.hhs.gov/fraud/consumer-alerts/alerts/genetic scam.asp?utm_source=sharebox&utm_campaign=genetic scam.

² *Id.*

³ Health and Human Services Inspector General, *Nationwide Genetic Testing Fraud*, (Sept. 30, 2019), https://www.oig.hhs.gov/newsroom/media-materials/2019/genetic scam/index.asp?utm_source=website&utm_medium=asp&utm_campaign=genetic scam-media-materials-09-27-2019.

⁴ *Genetic cancer risk scam targeting seniors may disqualify them from legitimate tests*, CBS NEWS, (Sept. 13, 2019), <https://www.cbsnews.com/news/genetic-cancer-risk-medicare-scam-targeting-seniors-may-disqualify-them-from-legitimate-tests/>.

⁵ *Id.*

⁶ *Id.*

beneficiaries are left to worry about test results that will never come and put at risk of having their identities stolen.

On January 23, 2019, I wrote to the Department of Health and Human Services and the Centers for Medicare and Medicaid regarding a November 2018 report issued by the U.S. Government Accountability Office (GAO). In that letter, I raised concerns about HHS' challenges in detecting panel coding unbundling for laboratory tests. GAO made clear that HHS must take additional steps to better oversee Medicare's laboratory fee payment system to prevent excessive payments and abuse. In light of the GAO report and recent news reporting about the abuse of genetic lab tests covered by Medicare, I remain concerned about the steps HHS has taken to ensure only appropriate payments are made and that fraudsters and scammers don't cheat the system.

In light of the clear financial risk to the taxpayer and the fraud perpetrated on individual beneficiaries, please answer the following no later than October 16, 2019:

1. What steps have you taken to detect and deter fraudulent genetic screening tests?
2. What steps have you taken to protect beneficiaries from identity theft?
3. Does CMS have the capability to detect doctors ordering high volumes of genetic screening orders? If not, why not? If so, after detecting questionable orders, what steps does CMS take to determine if they are fraudulent?
4. For each of the past five years, how many genetic screening tests have been paid for by the taxpayer? For each year, how much was the cost? In your answer, please note what each test was for (e.g. cancer).
5. Has CMS interfaced with the Inspector General to better detect and deter fraudulent genetic screening tests? If not, why not?

Thank you in advance for your cooperation with this request. If you have any questions, please contact Joshua Flynn-Brown of my Committee staff at (202) 224-4515.

Sincerely,



Charles E. Grassley
Chairman
Committee on Finance