

For Immediate Release

Monday, November 16, 2009

Grassley introduces bill to fight Medicare payment fraud

WASHINGTON – Working to protect taxpayers and Medicare beneficiaries, Senator Chuck Grassley today introduced legislation to get at a major factor in Medicare fraud by giving the federal government more time to pay Medicare providers when waste, fraud and abuse is suspected.

Right now, federal law requires that Medicare send payment within a very short time frame, even when there is risk of fraud, waste or abuse. “Because of this prompt payment rule, the government puts itself in a position of having to pay and chase Medicare fraud, instead of working to prevent it in the first place. That doesn’t make any sense,” Grassley said, “and it’s no way to manage Medicare’s resources.”

Last year, approximately \$2 trillion was spent on health care in the United States, and Medicare spending accounted for about \$470 billion of that total figure. Conservative estimates say that \$60 billion of Medicare spending each year is lost to fraud, waste and abuse. Medicare expenditures are projected to increase at an average annual rate of 7.1 percent from 2009 to 2018. “As Medicare spending continues to skyrocket, everything possible must be done to protect Medicare dollars from being lost to fraud, waste and abuse,” Grassley said.

The bill Grassley introduced today – the *Fighting Medicare Payment Fraud Act of 2009* – would give the Secretary of Health and Human Services authority to extend the time period in which payments must be made under the prompt payment rule if the Secretary determines there is a likelihood of fraud, waste or abuse. With this additional time, the Secretary would be required to conduct more detailed reviews of the claims in question to make sure they are supposed to be paid.

“This common-sense change would go a long way in helping to make sure Medicare dollars are going to bona fide providers, instead of fraudulent providers who scam the system,” Grassley said. His legislation authorizes the extension of the time period that claims must be paid to up to one year for categories of suppliers or providers in a particular geographic area or individual providers when there is a likelihood of fraud, waste or abuse. For individual providers or suppliers, the Secretary would be required to take whatever time is necessary to engage in more in-depth reviews to determine that the claims are supposed to be paid in the first place.

The Grassley bill also requires the experts in the Office of Inspector General to recommend, on at least an annual basis, categories of providers or suppliers where additional scrutiny is needed before payments are made under the prompt payment rule. To make sure there is action on these recommendations, the Secretary would be required to provide a response to the Inspector General on these recommendations. “We’ve seen in reports revealed this fall how the Department of Health and Human Services turned a blind eye for many years to alerts

from the Inspector General about Medicare fraud. This provision in the bill is intended to make sure the Department of Health and Human Services can't get away with ignoring those kinds of alarms."

A recent CBS 60 Minutes story described the growing danger of Medicare fraud to taxpayers and the federal Treasury. The October 25 segment reported on a medical supply company that billed Medicare \$2 million in July, despite being located in an empty building and having apparently no staff.

Grassley has conducted congressional oversight over many years to draw attention to Medicare fraud and to expose management problems at the Centers for Medicare and Medicaid Services. Legislation authored by Grassley in 1986 to fight fraud by government contractors has become the federal government's most effective tool against health care fraud. His *qui tam* amendments to the False Claims Act empower whistleblowers and have returned to the federal Treasury \$22 billion that would otherwise have been lost to fraud. The largest settlements under the law for the last decade have been in cases involving Medicare fraud.