



http://finance.senate.gov
Press_Office@finance-rep.senate.gov

MEMORANDUM

TO: Reporters and Editors
FR: Jill Kozeny, 202/224-1308
for Sen. Grassley
RE: new GAO report on intergovernmental transfers, Medicaid dollars
DA: Monday, April 30, 2007

Sen. Chuck Grassley, Ranking Member of the Committee on Finance, issued the comment below about a new report today from the Government Accountability Office.

The GAO report assesses the performance of the Centers for Medicare and Medicaid Services in carrying out its initiative to end inappropriate Medicaid financing arrangements that states have used to collect federal matching funds when payments were not retained by providers. The GAO finds that CMS has not implemented its reform initiative in a transparent way and the lack of transparency has raised questions about the way states have been treated. The report – GAO-07-214 – is available at www.gao.gov. Sen. Grassley requested the report along with Sen. Max Baucus.

Sen. Grassley has sought over several years to ensure that CMS applies a consistent and even-handed policy in reviewing and either rejecting or accepting state financing arrangements. In response to the GAO findings that were published in today's report, CMS took action in January to prevent states from reinstating the questionable payment schemes that have resulted in Medicaid dollars being used to build roads and construct stadiums. Even so, Sen. Dick Durbin offered an amendment to the supplemental war spending bill in March to put a two-year moratorium on the CMS action (a rule) that responded to GAO's assessment and was aimed at stopping abusive Medicaid financing arrangements. Sen. Grassley strongly objected to this amendment, but ultimately a one-year moratorium was included in the conference report of the supplemental spending bill that was sent to the President last week.

Sen. Grassley's comment:

“Today's report underscores the need to get the federal government's reform initiative back on track and out in the open, not to delay it for another single day. It's irresponsible for Congress to allow federal Medicaid dollars to be inappropriately drawn down by states or to be squandered, wasted or used for purposes other than helping poor people get health care. In this

case, Congress is even facilitating that kind of irresponsible use of Medicaid resources.”