



FOR IMMEDIATE RELEASE
March 2, 2011

Contact: Scott Mulhauser/Erin Shields
(202) 224-4515

**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Health Care Fraud Prevention**
As prepared for delivery

Warren Buffett once said:

“Rule number one: never lose money. Rule number two: never forget rule number one.”

Unfortunately, the federal government loses an estimated \$60 billion to fraud in federal health care programs every year. We must do a better job ensuring that these programs do a better job of following Buffett’s rules.

Before health reform, our system let criminals into our programs and paid fraudulent claims without enough review. The health reform law provides law enforcement with an unprecedented set of new tools. These tools prevent fraud from occurring in the first place.

Specifically, health care reform creates new ways for Medicare to screen health care providers before they are accepted into the program.

The new law also creates one, singular database for Medicare billing information. With all of this information in one place, HHS and the Department of Justice can compare notes and help each other identify criminals, fraudulent schemes, and other abuse.

Before the new health care law, even suspicious claims were paid, and only investigated later, but the Affordable Care Act gives law enforcement officials the authority to suspend payments and investigate suspicious claims before the money goes out the door.

The law increases civil and criminal penalties for those who commit fraud - penalties that will make criminals think twice before committing fraud in Medicare or Medicaid.

And the new law expands the use of Recovery Audit Contractors to Medicare Parts C and D, and Medicaid. Medicare uses these independent investigators to look closely at payments to find out if fraud is being committed.

Recently, we have seen and read good news on efforts to prevent fraud. These posters list just some of the headlines we’ve seen regarding our success. In January, we learned that our fraud prevention and enforcement efforts recovered \$4 billion in 2010. This is the highest number of taxpayer dollars ever recovered by efforts to fight health care fraud.

Two weeks ago, the Departments of Justice and Health and Human Services announced the largest Medicare fraud bust in U.S. history. One hundred and fourteen defendants were arrested. Arrests were made in nine cities, including Los Angeles, Brooklyn, Detroit and Miami. The defendants were allegedly involved in more than 40 schemes to defraud the government. This bust recovered more than 240 million dollars.

One of those arrested was a Brooklyn physical therapist named Aleksandr Kharkover. Aleksandr billed Medicare \$11.9 million over four and a half years. He is accused of billing for physical therapy services that were either never performed or not medically necessary.

Now we are expanding the Medicare Fraud Strike Force to Dallas and Chicago.

Today, we want to hear from our witnesses about how these new tools are being implemented. Are they up and running today? Are they effective? When do you expect to see results? We want to know if any additional tools are needed and if you have enough resources to do the job right.

The Finance Committee will also continue to investigate fraud. We will look for new places where we can enact laws to strengthen our efforts.

Last December, the Committee released the findings of our investigation on the connection between a stent manufacturer, Abbott Labs, and a Maryland doctor who allegedly implanted 600 medically unnecessary stents.

Mr. Levinson, yesterday I sent you a letter raising concerns about Medicare contractors, along with Senators Carper and McCaskill. Medicare hires contractors to cut the checks that reimburse many of the doctors, hospitals and other providers, and Medicare hires contractors to oversee that process to prevent fraud, waste and abuse, but many of these entities are owned by the same parent company. One division of a company overseeing another raises a conflict of interest.

Many of the anti-fraud provisions in the health care law were bipartisan ideas. I'm confident that both Democrats and Republicans can work together to prevent fraud as we move forward.

Thank you for your hard work and for coming before the Committee today.

###