



For Immediate Release
August 4, 2010

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BAUCUS, GRASSLEY SAY CMS NEEDS TO IMPROVE OVERSIGHT TO ENSURE STATES PAY ACCURATE RATES FOR MEDICAID MANAGED CARE CONTRACTS
Finance leaders point to GAO report indicating gaps in data collected to ensure proper payments

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Member Chuck Grassley (R-Iowa) said today that CMS needs to improve oversight to ensure states are paying accurate rates when contracting with private insurance companies to provide health coverage to Medicaid beneficiaries. The Senators’ comments came following the release of a Government Accountability Office (GAO) report which found gaps in oversight and in data states collect to ensure the rates states set for the care of Medicaid beneficiaries are accurate. The Finance leaders said today that increased oversight by the Centers for Medicare and Medicaid Services (CMS) would make significant inroads to ensure that accurate payments are secured.

“Millions of low-income Americans rely on the Medicaid program to see their doctor or get a prescription when they are sick, which is why protecting the integrity of the Medicaid program is so important,” said Baucus. **“To protect Medicaid, we need to ensure states are paying an appropriate price for the benefits private plans deliver. This report makes clear that we don’t have enough information to guarantee that prices are accurate and that Medicaid is protected. CMS has taken some steps to boost oversight, but this report makes clear that the agency needs to be more aggressive in its oversight of state contracts to ensure that care is coming at an accurate price. I intend to continue monitoring this issue to make sure that progress is being made and the Medicaid program is working effectively for Americans who need it.”**

“Medicaid could be overpaying in some cases and underpaying in others,” Grassley said. **“CMS isn’t checking behind adequately to know either way. In a program that spends hundreds of billions of dollars, that’s a problem. Every dollar that goes to waste doesn’t help someone get health care. CMS needs to conduct much better oversight of the job states are doing with taxpayer dollars in the Medicaid program.”**

Today’s report, entitled “Medicaid Managed Care: CMS’s Oversight of States’ Rate Setting Needs Improvement,” indicates that CMS should be more consistent in its review of how states set rates for Medicaid managed care. Under current law, states are required to ensure that the rates insurance companies charge for managed care are fair and certified by an independent insurance actuary.

The GAO report found that CMS should reevaluate the data used to determine if rates were appropriate because the data used was not always as reliable as it should be. The report also found that CMS regional offices were somewhat inconsistent in the standards applied to ensure that rates were actuarially sound. CMS has already made some important changes as a result of GAO's findings, including requiring all regional offices to use a checklist when reviewing state's rate-setting submissions, but the Senators said today that more work remains to be done and they are committed to continuing to monitor the rate-setting procedures to ensure the integrity of the Medicaid program is protected.

The GAO report released today is available online at www.gao.gov.

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