United States Senate

WASHINGTON, DC 20510

March 17, 2010

Via Electronic Transmission

Dr. Susan Hockfield
President
Massachusetts Institute of Technology
77 Massachusetts Avenue
Cambridge, MA 02139-4307

Dear Dr. Hockfield:

As the senior Senators from Iowa and Wyoming and Ranking Members of the United States Senate Committees on Finance (Finance Committee) and Health, Education, Labor and Pensions (HELP Committee), we have a duty to conduct oversight of the executive branch, including the activities of the Department of Health and Human Services (HHS or the Department). This duty includes monitoring HHS activities and conducting oversight to ensure that taxpayer dollars are used appropriately and in accordance with applicable law.

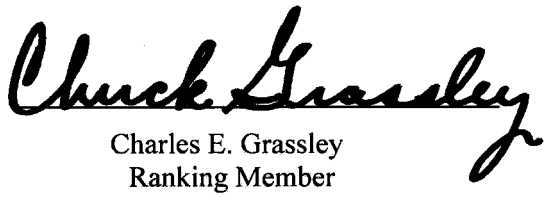
We write regarding our January 26, 2010 letter to Massachusetts Institute of Technology (MIT) professor Dr. Jonathan Gruber. In this letter, we outlined our concerns about his promotion and defense of the Administration's preferred health care reform policies before the Congress, including both of our committees, at a time when he was receiving nearly $400,000 from HHS in exchange for various services. At the very least, we felt that this economic interest should have been disclosed prior to his testimony before Congress so that his testimony could be given proper weight. This financial relationship with the Obama administration also should be disclosed prior to his participation on the influential congressional budget office (CBO) panel of health advisors, which advises CBO on its analyses of health care reform and other health care issues. In addition, this financial relationship should have been disclosed when Dr. Gruber engaged in advocacy on behalf of various health care reform issues. The January 26, 2010 letter asked Dr. Gruber to respond to a series of questions so that we might better understand his relationship with the Department and health care companies, as well as the degree to which his work may be related to these interests. A copy of that letter is enclosed.

Dr. Gruber's February 23, 2010 response failed to answer any of the questions posed in the letter. Instead, the response, barely exceeding one page in length, was dismissive of any concern about the lack of disclosure and attempted to excuse his failure to disclose ("I suppose I assumed they understood I was being paid for the work,") and to explain away the need for any detailed response ("I do recognize the public interest in these disclosures and will certainly consider them in the context of future appearances on the Hill…."). Furthermore, Dr. Gruber did not even commit to providing any such disclosure of the financial relationship with the administration in the future. A copy of his response is enclosed.

While Dr. Gruber seems uninterested in responding to our inquiry, our interest in this important matter remains. Therefore, we request that MIT work with Dr. Gruber to provide meaningful responses to the questions posed in the January 26, 2010 letter by no later than April 9, 2010. We also request that MIT provide information regarding whether, and if so, how, the institution monitors the outside activities and financial interests of its faculty, and also how it manages conflicts of interest that may arise due to those activities and interest.

Thank you for your attention to this important matter. If you have any questions please do not hesitate to contact Michael Park or Christopher Armstrong of the Finance Committee staff at (202) 224-4515 or Amy Shank of HELP Committee's staff at (202) 224-6770. All formal correspondence should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov or via facsimile to (202) 228-2131.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on Finance

Mike Enzi
Ranking Member
Committee on Health, Education, Labor, and Pensions

Enclosure

United States Senate
WASHINGTON, DC 20510

January 26, 2010

Via Electronic Transmission

Jonathan Gruber, PhD.
Professor of Economics
MIT Department of Economics
50 Memorial Drive, E52-355
Cambridge, MA 02142-1347

Dear Dr. Gruber:

As the senior senators from Iowa and Wyoming and Ranking Members of the United States Committees on Finance (Finance Committee) and Health, Education, Labor and Pensions (HELP Committee), we have a duty to conduct oversight of the executive branch, including the activities of the Department of Health and Human Services (HHS or the Department). This duty includes monitoring HHS activities and conducting oversight to ensure that taxpayer dollars are used appropriately and in accordance with applicable law.

We are writing in response to recent news reports that you received nearly $400,000 from HHS in exchange for providing technical assistance in evaluating various health care reform legislative proposals. During this same time, you have been actively promoting and defending the Administration's preferred health care reform policies both before Congress and in the media. This includes your participation in the Finance Committee's May 12, 2009, Roundtable Discussion entitled "Financing Comprehensive Health Care Reform"; the HELP Committee's June 11, 2009 hearing entitled "Healthcare Reform"; and the HELP Committee's November 3, 2009 hearing entitled, "Increasing Health Costs Facing Small Businesses." On occasions such as these, it appears that you advanced the Administration's agenda without disclosing the fact that you were receiving federal remuneration.

We are advocates of transparency in the operation of government and in the use of taxpayer dollars. While the propriety of your advocating for Administration positions in the media and other venues while failing to disclose your financial ties to the Administration has been called into question, we are especially concerned by your advocacy before the United States Congress.

When an academic leader comes before Congress to advocate a position, Congress should have confidence that the witness is both independent and objective and not being paid to assist the Administration in its efforts. In this case, we are concerned that neither you nor the Department chose to inform Congress of your substantial ties in advance of, during, or any time after, your testimony before the Finance and HELP Committees. In fact, the biography you submitted for the Finance Committee's Roundtable Discussion makes no mention of these financial ties or affiliations.

In July, Senator Enzi wrote to HHS Secretary Sebelius requesting among other information, a list of all outside consultants with the Department and copies of their agreements. HHS was unresponsive to this request, which should have revealed your relationship with the Department. Senator Enzi recently wrote again to reiterate this request to HHS Secretary Sebelius and to ask for additional information concerning your relationship with the Department. Senator Grassley also wrote to Secretary Sebelius requesting that HHS require any individuals under contract with the Department to disclose that fact publicly prior to any testimony before Congress. Additionally, Senator Grassley requested that HHS provide a complete list of individuals who are currently under contract, or have been under contract at any point last year, to assist the Department in any aspect of the health care reform process.

As we are sure you will agree, disclosure of financial relationships with the Administration is the best way of ensuring full transparency and preventing future questions regarding individuals that are both paid by the Administration and advocate Administration positions before Congress. If the health care reform debate has shown us anything, it is that our government can greatly benefit from more openness and transparency.

In order to better understand the extent and nature of your financial relationship with the Administration as well as your advocacy of Administration policies, we request written responses to the following questions and document requests by no later than Tuesday, February 23, 2010. When preparing responses, please restate the question and provide the responsive information.

1. Please identify each contract, grant or cooperative agreement you have executed with the federal government, including the White House and HHS and its operating divisions, during the past five years. For each contract, please respond to the following:

    a. Please provide a description of the work to be performed/ performed under the contract, grant or cooperative agreement.

    b. Who is the federal official that serves as your contact under the contract, grant or cooperative agreement?

    c. What are the start and end dates of the contract, grant or cooperative agreement?

    d. What is the amount of compensation pursuant to the contract, grant or cooperative agreement?

    e. Please provide a copy of the contract, grant or cooperative agreement.

    f. Please provide a copy of all deliverables under the contract, grant or cooperative agreement.

2. Please identify which of the contracts identified in response to question 1 are "sole-source" contracts. For each sole-source contract identified, please respond to the following:

a. What are the reasons why the contract was awarded on a sole-source basis?

b. Who is the federal official that made the determination to award the contract on a sole-source basis?

c. Who is the federal official with whom you negotiated the sole source contract?

3. Please identify each contract, grant or cooperative agreement you have executed with state or local governments during the past five years. For each contract, grant or cooperative agreement, please respond to the following:

   a. Please provide a description of the work to be performed/ performed under the contract, grant or cooperative agreement.

   b. Who is the state or local official that serves as your contact under the contract, grant or cooperative agreement?

   c. What are the start and end dates of the contract, grant or cooperative agreement?

   d. What is the amount of compensation pursuant to the contract, grant or cooperative agreement?

   e. Please provide a copy of the contract, grant or cooperative agreement.

   f. Please provide a copy of all deliverables under the contract, grant or cooperative agreement.

4. Please identify each contract or grant you have executed with private entities or individuals during the past five years. For each contract or grant, please respond to the following:

   a. Please provide a description of the work to be performed/ performed under the contract or grant.

   b. Who serves as your contact under the contract or grant?

   c. What are the start and end dates of the contract or grant?

   d. What is the amount of compensation pursuant to the contract or grant?

   e. Please provide a copy of the contract or grant.

   f. Please provide a copy of all deliverables under the contract or grant.

5. Please identify all interviews given or statements made to the media on health care reform since the commencement of your federally funded work related to health care reform. For each interview or statement, please respond to the following:

   a. To whom the interview was given or statement was made?

b. On what date was the interview given or statement made?

c. What was the substance of your statements during the interview or in your statement?

d. On what date was the interview or statement published or broadcasted?

e. If you submitted a biography for the interview or statement, please provide a copy of the biography.

f. Did you indicate during the interview or when you gave your statement that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform?

g. If asked during the interview or when you gave your statement if you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, did you answer in the positive?

h. If you indicated during the interview or when you gave your statement that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, was this in response to a question or was this offered voluntarily?

6. Please identify all speaking engagements you have done on health care reform since the commencement of your federally funded work related to health care reform. For each speaking engagement, please respond to the following:

   a. On what date did the speaking engagement take place?

   b. What was the name of the event at which you spoke and who was the sponsor?

   c. If you participated in a panel discussion, what was the subject of the panel and what was the substance of your remarks?

   d. If you gave a speech, what was the substance of your speech?

   e. Please provide a copy of prepared remarks.

   f. If you submitted a biography for the speaking engagement, please provide a copy of the biography.

   g. Did you indicate during the speaking engagement that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform?

   h. If asked during the speaking engagement if you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, did you answer in the positive?

i. If you indicated during the speaking engagement that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, was this in response to a question or was this offered voluntarily?

7. Please identify all Congressional hearings and roundtable discussions on health care reform in which you have testified since the commencement of your federally funded work related to health care reform. For each hearing or roundtable, please respond to the following:

   a. On what date did the Congressional hearing or roundtable discussion take place?

   b. What was the subject of the hearing or roundtable discussion and what was the substance of your remarks?

   c. Please provide a copy of prepared remarks.

   d. If you submitted a biography for the Congressional hearing or roundtable discussion, please provide a copy of the biography.

   e. Did you indicate during the Congressional hearing or roundtable discussion that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform?

   f. If asked during the Congressional hearing or roundtable discussion if you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, did you answer in the positive?

   g. If you indicated during the Congressional hearing or roundtable discussion that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, was this in response to a question or was this offered voluntarily?

8. Please identify written works you have authored or co-authored on health care reform since the commencement of your federally funded work related to health care reform. For each written work, please respond to the following:

   a. On what date and in which publication was the work published?

   b. What was the substance of your written work?

   c. Please provide a copy of the written work.

   d. If you submitted a biography with the written work, please provide a copy of the biography.

   e. Did you indicate in the written work that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform?

f. If asked when submitting the written work if you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, did you answer in the positive?

g. If you indicated in the written work that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform, was this in response to a publisher requirement or was this offered voluntarily?

9. Do you serve or have you served on the Congressional Budget Office (CBO) Panel of Health Advisers? If so, please respond to the following:

   a. Please provide dates of service on the CBO Panel of Health Advisers.

   b. Did you disclose to CBO that you were a paid consultant of HHS or otherwise received federal remuneration for work related to health care reform? If so,

      1. To whom did you make this disclosure?

      2. When was this disclosure made?

      3. In what form was this disclosure made?

      4. If this disclosure was made electronically or in writing, please provide a copy of the disclosure.

   c. Did you disclose to CBO that your work for HHS related to health care reform included engaging in economic modeling on health care reform similar to modeling performed by CBO? If so,

      1. To whom did you make this disclosure?

      2. When was this disclosure made?

      3. In what form was this disclosure made?

      4. If this disclosure was made electronically or in writing, please provide a copy of the disclosure.

10. Please identify all meetings or conference calls you participated in with White House officials related to health care reform. For each meeting, please respond to the following:

    a. Where and on what date did the meeting take place?

    b. Who attended the meeting?

    c. What was the subject of the meeting?

d. Was your participation pursuant to a grant, contract or cooperative agreement with the federal government that you have identified in response to question 1? If so, please identify the grant, contract or cooperative agreement. If not, how were you compensated for your time?

In cooperating with the Committees' review, no documents, records, data or information related to these matters shall be destroyed, modified, removed or otherwise made inaccessible to the Committees.

Thank you for your attention to this important matter. Should you have any questions regarding this letter, please contact Christopher Armstrong or Michael Park of Senator Grassley's Committee staff at (202) 224-4515 or Amy Shank of Senator Enzi's Committee staff at (202) 224-6770. All formal correspondence should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov or via facsimile to (202) 228-2131.

Sincerely,

Chuck Grassley

Charles E. Grassley
United States Senator
Ranking Member
Committee on Finance

Michael B. Enzi

Michael B. Enzi
United States Senator
Ranking Member
Committee on Health, Education, Labor and Pensions

cc: Susan Hockfield, Ph.D.
President
Massachusetts Institute of Technology

February 23, 2010

Senator Charles E. Grassley
Ranking Member
Committee on Finance
Senator Michael B. Enzi
Ranking Member
Committee on Health, Education, Labor and Pensions
United States Senate
Washington, D.C.

Dear Senators Grassley and Enzi:

This letter responds to your letter to me dated January 26, 2010.

I appreciate your commitment to the principle of transparency in government and can assure you that I never intentionally withheld my two HHS contracts from Congress. Indeed, my contracts were publicly disclosed on the federal government website, www.usaspending.gov.

As you know, my professional research focuses on public finance and health economics and throughout my career I have worked with Democrats and Republicans alike on the critical issue of health care reform. I served as a consultant to then-Governor Mitt Romney in connection with health care reform efforts in Massachusetts and have also testified before the Congress on these issues. I was invited to testify jointly by the Majority and Minority Members of the Senate Finance Committee in the Summer of 2008 on the interaction of health insurance and the tax code and have testified more recently as well. In addition, over the past year in connection with my economic analysis work for HHS, I have worked closely with the staffs of both the Senate Finance and the Senate HELP Committees in evaluating various health care reform proposals and assessing how such proposals might be scored by the Congressional Budget Office.

To the best of my recollection, during the course of my health care reform work with Congress, no Member or staffer ever asked me whether I held any government contracts. Given that the staff saw the time that I was devoting to this effort, in retrospect, I suppose I assumed they understood I was being paid for that work. Both my congressional testimony and the health care opinion pieces that I have authored reflect my longstanding policy views -- and were in no way influenced by my contracts with HHS, which related to technical economic modeling designed to determine the costs of various health care reform policy options. It certainly did not occur to me that anyone would view my HHS contracts as relevant to my independent, long-held opinions regarding the economics of health care reform. I regard the contract work I performed for HHS and my public speaking and writing as being independent and unrelated. But I do recognize the public interest in these disclosure issues and will certainly consider them in the context of future appearances on the Hill or in the media.

Thank you for your work on these issues.

Sincerely,

Jonathan Gruber