



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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## MEMORANDUM

To: Reporters and Editors  
Re: New report on AIDS treatment spending in Puerto Rico  
Da: Wednesday, Dec. 3, 2003

The Office of Inspector General (OIG) at the Department of Health and Human Services has released an audit report following its review of Ryan White Title I payments made to Ryder Memorial Hospital in San Juan, Puerto Rico. The report disclosed that Ryder was reimbursed a total of \$352,094 for services that the OIG determined “were not reasonable, allocable, or allowable.” These misspent federal funds represent nearly 26 percent of the dollars the OIG reviewed during its audit. Once the problem was identified, the funds were paid back by Ryder and were returned to the Treasury.

Of the total uncovered by the OIG, \$273,954 was for medication services that the OIG believes were not reasonable. According to the report, Ryder billed the San Juan Eligible Metropolitan Area at the “average wholesale price” (plus a 10 percent dispensing fee), despite having obtained the medications at lower prices -- in many instances through a federally sponsored discount drug program. Thus, the report notes, “... Ryder was buying drugs at a reduced price through one Federally sponsored program, and getting reimbursed at a significantly higher rate from another Federally sponsored program.”

Other misspent funds included \$61,189 for laboratory service costs that were not allocable, and \$16,951 that were not allowable.

Title I of the Ryan White program provides emergency relief grants to cities for health and support services to low-income, uninsured, or under-insured persons and their families suffering from HIV and AIDS. This federal aid program – administered by the Health Resources and Services Administration of the U.S. Department of Health and Human Services – includes medical and dental care, prescription drugs, counseling, and home and hospice care, among others. Puerto Rico has one of the highest incidences of AIDS in the United States.

Sen. Chuck Grassley, chairman of the Committee on Finance, is a long-time, vocal supporter of the Ryan White CARE program and is strongly committed to ensuring that AIDS funds are carefully monitored and safeguarded. Grassley made the following comment on the new report.

“Over the years, we’ve seen incidents in which federal funds for HIV/AIDS have been squandered through overcharges for medicines and laboratories, embezzlement of program funds to support lavish lifestyles, or even diversion of AIDS funds to finance political campaigns. It’s tragic if people die because the funds they need to survive are being diverted, misspent, or wasted. I won’t let this happen. Every dollar of this funding that’s wasted doesn’t help a patient with HIV or AIDS. The poor and uninsured in Puerto Rico and throughout the United States deserve every benefit of the Ryan White program.”

The report follows.