



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

TO: Reporters and Editors
RE: HHS IG Report on Foster and Scully
DA: Tuesday, July 6, 2004

Sen. Chuck Grassley, Chairman of the Senate Committee on Finance, issued the following comment about the report of the Inspector General released today by the Department of Health and Human Services regarding the Medicare Chief Actuary and the former Administrator of the Centers for Medicare and Medicaid Services.

"This report of the Inspector General determines important facts for the public record, including that there was no violation of civil or criminal law, although in my opinion, Administrator Scully's conduct with respect to Rick Foster was inappropriate.

"I also look forward to seeing a legal determination from the General Accounting Office.

"During a Finance Committee meeting with Rick Foster on June 24, he acknowledged that his office did not complete a full cost estimate of the Medicare bills last year. So, there was no full cost estimate to withhold from Congress. In fact, the true cost estimate as far as Congress is concerned is that of the Congressional Budget Office. We're required by law to abide by the cost estimates prepared by the Congressional Budget Office, and that cost estimate was available for everyone's review before the vote. The Medicare actuary also told the Finance Committee and the Inspector General that the HHS Secretary's chief of staff called him as these events were unfolding last year to let him know that he had the Secretary's full support. So, it doesn't appear that Rick Foster was under a real threat of termination given the assurances he had from Secretary Thompson."