



June 10, 2013

The Honorable Peter Roskam
The Honorable John Carney
United States House of Representatives
Washington, DC 20515

The Honorable Tom Carper
The Honorable Tom Coburn
United States Senate
Washington, DC 20510

Dear Congressman Roskam, Congressman Carney, Senator Carper, and Senator Coburn:

On behalf of the 362,000-member National Taxpayers Union (NTU), I am pleased to offer our praise for the many fiscal reforms contained in H.R. 2305, the Preventing and Reducing Improper Medicare/Medicaid Expenditures (PRIME) Act. The legislation you have unveiled today, a version of which NTU also commended upon its introduction in the previous Congress, has been augmented so as to provide the latest, most effective pro-taxpayer administrative and accountability measures to the federal government's two major health programs.

Although laws such as the Improper Payments Elimination and Recovery Act have been helpful in the ongoing struggle to improve the financial management of Medicare and Medicaid, these two programs alone made a combined \$63 billion in erroneous payouts last year (federal shares only), according to statistics from the Government Accountability Office. Owing to their very structures, which involve multiple layers of bureaucracy and vast networks of third-party payers, these systems are among the most susceptible in the entire government to waste, fraud, and abuse. Nonetheless, this should not serve as a reason to simply accept absurd levels of squandered tax dollars as the "price" for providing benefits.

The PRIME Act would help begin transforming the management perspectives at Medicaid and Medicare to ones more intensely committed to preventative, rather than reactive, fiscal diligence. Among the reforms NTU strongly favors is a more robust process for addressing vulnerabilities in payment transactions identified by Recovery Audit Contractors (RACs). In August 2008 comments to the Senate Committee on Finance, NTU supported what were at the time more limited pilot programs allowing RACs to identify savings in certain parts of Medicare. These initiatives, which we called "remarkably cost efficient," have over time built an equally remarkable archive of institutional knowledge that could help prevent improper payments *before* they occur, not merely identify and recover them *afterward*. Your bill would hold the Department of Health and Human Services more accountable for embracing this learning curve, which could also potentially benefit providers by giving them more concrete claims processing guidance in advance. The cause of "payment education" will be further served through additional sections of the PRIME Act requiring better tracking of rejected claims as well as greater incentives for seniors to report waste, fraud, and mismanagement they may witness firsthand. Another cornerstone of the PRIME Act relates to improvements in data-sharing among federal and state agencies (along with oversight contractors) to improve record-matching and pattern-detection procedures. This is especially vital on the heels of revelations last year before the Senate Subcommittee on Federal Financial Management that coordination of oversight in dual-eligible "Medi-Medi" programs was subpar.

Ultimately, other fundamental reforms to Medicare and Medicaid must be undertaken to protect taxpayers from trillions of dollars in unfunded liabilities. These should include concepts that more actively empower beneficiaries to control their health care spending as well as strengthen the relationship between patient and provider. Indeed, a wholesale reevaluation of Medicaid's basic goals is imperative, given last month's findings from a comprehensive study in Oregon showing little to no improvement in health outcomes for patients participating in the system versus those who remained uninsured. These larger questions aside, Medicare's and Medicaid's bureaucracies have been slow to accept their responsibility for absorbing cost-control techniques that at least some of the other entities involved in these systems (such as RACs) have begun to adopt. Many provisions of the PRIME Act can aid this evolutionary process toward more nimble managerial stewardship, and NTU looks forward to working with you in ushering them to passage.

Sincerely,

Pete Sepp
Executive Vice President