

For Immediate Release
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Grassley Explores Whether Top Health Care Agency Gave Special Access to Wall Street

WASHINGTON – Sen. Chuck Grassley of Iowa is asking the top government health care agency whether it gave special access to hedge funds and consultants “who seek to profit from government information.” Grassley is concerned about a specific meeting in 2009, as alleged by a whistleblower, and in general, because of increased Wall Street interest in gaining information from government agencies and Congress.

“The bottom line question for anything government employees do on the clock is what’s in it for the taxpayers,” Grassley said. “If government employees are spending hours providing inside information to hedge funds or companies that consult for hedge funds, it’s hard to see how that helps the public. In fact, it robs the taxpayers of these employees’ full value. It raises concerns about whether hedge funds get special access to information above other Americans just because of who they are. The public’s business ought to be public, not parceled out behind closed doors.”

This week, Grassley wrote to the acting administrator of the Centers for Medicare and Medicaid Services, asking for details of the agency’s dealings with hedge funds and others who seek to profit from government information. Grassley cited allegations from a then-agency employee who said nearly one dozen agency employees were made to have a lengthy meeting with a Wall Street firm in 2009 over reimbursement policy for certain medical devices. The whistleblower said the Wall Street firm peppered the agency employees with questions about decision-making and agency processes.

The agency controls billions of dollars of federal spending through Medicare and Medicaid and has significant power over issues of interest to Wall Street, including whether the government health care programs will pay for certain medical devices and procedures and if so, to what extent. An agency decision on coverage can make or break the success of a medical device, for example, and investors have great interest in gaining insight into coverage decisions so they can plan accordingly.

Grassley asked the agency to explain whether it has any policies governing employee interaction with Wall Street and other outside groups and for any records of how often such interactions occur.

Grassley’s inquiry comes amid increased exposure of contact between Wall Street and government agencies, based on his own inquiries and reporting from The Wall Street Journal and the Project on Government Oversight, a watchdog group, and others.

In December 2010, the White House received [attention](http://thehill.com/blogs/healthwatch/health-reform-implementation/133867-white-house-seeks-stakeholder-input-on-healthcare-reform-law?page=1#comments) (<http://thehill.com/blogs/healthwatch/health-reform-implementation/133867-white-house-seeks-stakeholder-input-on-healthcare-reform-law?page=1#comments>) for organizing private meetings with the head of the Centers for Medicare and Medicaid Services with outside groups, including those with lobbyists, on the implementation of the controversial health care law.

At the Department of Education, Grassley [wrote](http://dealbook.nytimes.com/2011/07/28/grassley-questions-education-agencys-ties-to-wall-street/) (<http://dealbook.nytimes.com/2011/07/28/grassley-questions-education-agencys-ties-to-wall-street/>) to Education Secretary Arne Duncan regarding

contacts with hedge funds and top staff members over whether the government would crack down on the for-profit education industry.

Grassley's letter this week to the Centers for Medicare and Medicaid Services is available [here](http://www.grassley.senate.gov/about/upload/2011-12-12-CEG-to-CMS-Marwood.pdf) (www.grassley.senate.gov/about/upload/2011-12-12-CEG-to-CMS-Marwood.pdf). A Wall Street Journal piece on the inquiry is available [here](http://blogs.wsj.com/deals/2011/12/12/sen-grassley-hedge-funds-may-have-gotten-special-treatment-from-medicare-administrator/) (<http://blogs.wsj.com/deals/2011/12/12/sen-grassley-hedge-funds-may-have-gotten-special-treatment-from-medicare-administrator/>). A piece from the Project on Government Oversight on Wall Street interest in government is available [here](http://www.pogo.org/pogo-files/alerts/government-corruption/wall-street-in-washington-gc-ii-20111208.html) (<http://www.pogo.org/pogo-files/alerts/government-corruption/wall-street-in-washington-gc-ii-20111208.html>).