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## **Sens. Carper and Coburn Lead Bipartisan Legislation to Combat Billions of Dollars in Waste, Fraud and Abuse in Medicare and Medicaid**

*The FAST Act would help save and recoup billions of lost health care dollars every year*

WASHINGTON – Today, Sens. Tom Carper (D-Del.) and Tom Coburn (R-Okla.) introduced bipartisan legislation to combat and reduce waste, fraud and abuse in Medicare and Medicaid. The Medicare and Medicaid Fighting Fraud and Abuse to Save Taxpayer Dollars Act (S.1251), also known as the FAST Act, would address a set of problems that leads to tens of billions of dollars lost to waste and fraud in Medicare and Medicaid every year. The FAST Act is cosponsored by Sens. Michael Bennet (D-Colo.), Mike Enzi (R-Wyo.), Bob Corker (R-Tenn.), Scott Brown (R-Mass.), Amy Klobuchar (D-Minn.) and John Thune (R-S.D.).

Among its provisions, the FAST Act would: enact stronger penalties for Medicare fraud; curb improper payments and establish stronger fraud and waste prevention strategies to help phase out the practice of "pay and chase"; curb the theft of physician identities; expand the fraud identification and reporting work of the Senior Medicare Patrol; take steps to help states identify and prevent Medicaid overpayments; improve the sharing of fraud data across agencies and programs; and deploy cutting-edge technology to better identify and prevent fraud.

"There is no single solution that will solve our nation's current fiscal dilemma, but there are numerous steps we can take to rein in wasteful spending and begin to restore fiscal order. The FAST Act is one of those steps." **said Sen. Carper, Chairman of the Subcommittee on Federal**

**Financial Management.** "This is the right thing to do, both for the health of Medicare and Medicaid, and for our federal budget as a whole. The FAST Act puts important tools in place to help us reduce waste and fraud in these two vital programs that millions of American depend on while achieving our deficit reduction goals."

"As Congress faces unsustainable debt and runaway entitlement programs, Americans want us to work together to strengthen the integrity of the Medicare and Medicaid programs," **said Sen. Coburn, M.D.** "As much as \$100 billion may be lost to Medicare and Medicaid waste, fraud, and abuse each year. At a time when organized crime rings are defrauding Medicare and thieves can pilfer stolen beneficiary numbers on the black market, we must enact strong reforms. This bill will strengthen our actions in the fight against fraud and abuse, based on the recommendations of independent experts. By improving data-sharing, increasing penalties, enhancing systems, and implementing other common-sense steps, this bill will reduce the billions of dollars lost each year to fraud."

"These are the kinds of commonsense improvements we can make to save taxpayer dollars from waste, fraud and abuse in the Medicare and Medicaid programs," **said Sen. Bennet.** "This bill will strengthen these programs by increasing transparency, reducing errors, and using real-time information to catch fraud."

"It is important to support efforts to strengthen the integrity of the Medicare, Medicaid, and CHIP programs," **said Sen. Enzi, Ranking Member on the Health, Education, Labor and Pensions (HELP) Committee.** "This bill will help prevent fraud, waste, and abuse in Medicare and Medicaid by expanding information sharing to reduce improper or fraudulent payments and improving the performance of claims processors and CMS contractors."

"Medicare and Medicaid are facing insolvency and are the elephant in the room when it comes to curbing out-of-control spending and debt in Washington. We need to do everything possible to wring out the billions in waste that occur each year as we seek a long-term solution to protect these programs for future generations," **said Sen. Corker, Ranking Member of the Special Committee on Aging.** "Our bill implements common sense solutions to help these programs save money and operate more efficiently for the millions of seniors and low-income Americans who depend on them for care."

"The FAST Act is an important step toward eliminating waste, fraud and abuse in Medicare and Medicaid, which costs taxpayers billions of dollars each year," **said Sen. Brown, Ranking Member of the Subcommittee on Federal Financial Management.** "By increasing transparency and stiffening penalties on those who attempt to defraud our government health care programs,

federal agencies, providers, and suppliers will be held accountable, and I am proud to join my colleagues in supporting this bipartisan legislation."

"When as much as \$60 billion is lost to Medicare fraud each year, we have a major problem," **said Sen. Klobuchar.** "We need to crack down on the criminals that scheme the system and rob American taxpayers of money that should be used to provide health care to our seniors and those who need it most. These bipartisan reforms can help save billions of dollars each year and help put an end to waste, fraud and abuse in Medicare and Medicaid."

Rep. Peter Roskam (R-Ill.) is expected to introduce a companion bill in the House in the coming weeks.

*(Background) Below are some solutions the Medicare & Medicaid FAST Act proposes to save taxpayer dollars:*

### **Prevent Medicare Thieves from Pretending to be Doctors**

*Problem:* Law enforcement officials have reported incidences where "dead" doctors have approved the purchase of medical equipment and supplies and billed Medicare. A convicted Medicare fraudster recently testified to Congress that protecting the federal database of provider billing information is critical to stop criminals.

*Solution:* The FAST Act would make it more difficult for bad actors to misuse Medicare provider billing information, such as physician identification numbers used to prescribe drugs. The legislation requires that the Center for Medicare and Medicaid Services and law enforcement take steps to curb the theft of physician identities. This would include better security over the database of Medicare providers, as well as improve the provider verification system to ensure that physicians who prescribe services are legitimate (i.e. not dead or banned from practicing medicine).

### **Prevent Criminals and Drug Addicts from "Pharmacy Shopping"**

*Problem:* The Government Accountability Office has found beneficiaries that were going to six or more doctors and multiple pharmacies for the same type of controlled substance drug. In these cases, beneficiaries were either feeding their pain-killer addiction or selling the extra pills on the street. Drug dealers made the profit, while the federal government footed the bill, costing millions of taxpayer dollars.

*Solution:* The FAST Act creates incentives so that all states will establish robust prescription drug monitoring programs that flag instances where criminals and drug addicts try to fill multiple

prescriptions in one day or attempt other fraudulent practices. Law enforcement officials have applauded these monitoring programs that have been established in many states around the nation.

## **Phase-Out the Medicare "Pay and Chase" Policy**

*Problem:* Medicare currently practices what is often called "pay and chase" in which a Medicare provider is paid, and then chased down later for a refund once an error or fraud is detected. Too often the improper payment is never recouped.

*Solution:* The FAST Act requires that the Centers for Medicare and Medicaid Services perform prepayment checks of Medicare reimbursements across the nation, before payments are made. For example, Medicare rules require that emergency ambulance rides have to match an emergency room visit in order to receive reimbursement. But these cross-checks to prevent ambulance rides to nowhere are only happening weeks or months after payment. By preventing questionable payments being made in the first place, we can better ensure legitimate Medicare reimbursement.

## **Encourage Seniors to Report Possible Fraud And Abuse in Medicare**

*Problem:* Medicare beneficiaries are a key "front line" force that should partner with Medicare. More seniors should become engaged and learn how to review their quarterly Medicare statements that list their doctor visits and other services. The Senior Medicare Patrol, a team of volunteers and staff, are available to assist Medicare beneficiaries with many issues, ranging from billing or coding errors to potential fraud, abuse, or waste of Medicare and Medicaid funds.

*Solution:* The FAST Act requires Medicare officials to improve outreach to our nation's seniors in order to engage even more Medicare beneficiaries in the fight against waste and fraud, especially through the work of the Senior Medicare Patrol.

## **Implement Reforms to Help Prevent Overpayments When Errors are Identified**

*Problem:* Each year, Medicare makes tens of billions of dollars in improper payments, which are overpayments and other errors. In order to identify and recoup the overpayments, Medicare has a Recovery Audit Contracting program, which has private contractors comb the lists of Medicare reimbursements to find improper payments. During a pilot program, Medicare recovered roughly \$1 billion in Medicare improper payments in just five states.

*Solution:* The FAST Act requires that the Centers for Medicare and Medicaid services closely track the overpayments identified by the Recovery Audit Contractors, and implement solutions that will close loopholes, stop patterns of double billing and other steps. In this way, Centers for Medicare and Medicaid can better prevent improper payment from happening in the first place.

## **Improve Data-Sharing and Deploy Smart Technologies to Better Identify Fraud**

*Problem:* Current government fraud tracking systems are fragmented and antiquated. The National Health Care Anti-Fraud Association has proposed improved data analysis to curb waste and fraud.

*Solution:* The FAST Act would improve the current sharing of information between federal and state entities by requiring the Centers for Medicare and Medicaid Services, the Department of Justice and state Medicaid offices to share fraud data. For example, some federal lists of disbarred or deceased medical providers are only infrequently shared between federal agencies. The FAST Act also adopts several best practices from the private sector, such as credit card companies, to identify and prevent fraud, including the use of cutting-edge data analytics and modern computer modeling. The Centers for Medicare and Medicaid Services and law enforcement could more quickly identify major fraud schemes by organized crime that use sophisticated techniques to "game" the Medicare payment system.

## **Incentivize Medicare Contractors to Avoid Overpayments and Errors**

*Problem:* Last year the Medicare fee-for-service programs made \$34.3 billion in improper payments, a 10.5 percent error rate. Preventing improper payments is critical if we are going to control medical costs. Medicare reimbursement to hospitals, physicians, medical supply companies and other providers are handled by private bill-paying companies. However, these private company contract fees are not linked to avoiding payment errors.

*Solution:* The FAST Act establishes improved payment accuracy and other critical steps as benchmarks for the bill paying companies' under contract with the Medicare program. By incentivizing the contractors to avoid errors and overpayments, the improper payment rate should shrink.

## **Increase Penalties for Fraudulent Use of Patient or Provider Information**

*Problem:* Bad actors who trying to cheat the Medicare system regularly obtain lists of Medicare beneficiary and provider identification numbers, and sell them to other criminals to perpetuate fraud against the Medicare program.

*Solution:* The FAST Act, for the first time, outlaws the fraudulent purchase, sale or distribution of Medicare beneficiary and provider identification numbers. Stiff penalties will help prevent wholesale Medicare fraud, especially by organized crime rings.

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