

ONE HUNDRED TWELFTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
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**Opening Statement of Rep. Henry A. Waxman**  
**Ranking Member, Committee on Energy and Commerce**  
**“Waste, Fraud, and Abuse: A Continuing Threat to Medicare and Medicaid”**  
**Subcommittee on Oversight and Investigations**  
**March 2, 2011**

Mr. Chairman, I want to thank you for holding this hearing today, and for focusing on the important topic of Medicare and Medicaid fraud.

I have dedicated much of my career in Congress to improving the Medicare and Medicaid programs and the quality of care they provide and pursuing waste, fraud, and abuse in government spending. This hearing combines both subjects.

Health care fraud robs taxpayers of funds, affects the quality of care provided to program enrollees, and saps public confidence in the Medicare and Medicaid programs. That’s why I see fighting Medicare and Medicaid fraud as a critical need – and an issue where we should be able to achieve bipartisan consensus.

But I am wary of those who use the existence of fraud in these programs for the express purpose of undermining support for them. I do not believe we should attempt to exaggerate the scope of the problem just to foster ideological efforts to cut or eliminate them.

When I hear estimates of the amount of Medicare and Medicaid fraud that have no basis in fact ... or when members confuse a Medicare and Medicaid “improper payments” rate that consists mostly of simple paperwork or clerical errors with the rate of intentional fraud against the programs ... then I become concerned that members are just using fraud as an excuse to bash these programs, not to improve them.

The vast majority of Medicare and Medicaid providers are compassionate and honest. The vast majority of beneficiaries of these programs desperately need the care they provide. We need to be tough on fraud and tough on criminals who take advantage of these programs and their beneficiaries – but we can not and should not blame the victim.

One of the reasons I am so proud of the Affordable Care Act, the historic health care reform law signed into law by President Obama last year, is that it contains dozens of anti-fraud

provisions. The legislation has the most important reforms to prevent Medicare and Medicaid fraud in a generation. According to the Congressional Budget Office, these new fraud provisions will save over \$7 billions for taxpayers.

The health care reform law shifts the prevailing fraud prevention philosophy from “pay and chase” – where law enforcement authorities only identify fraud after it happens – to “inspect and prevent.”

It allows CMS to impose moratoria on enrolling new providers if the Secretary believes that such enrollments will increase fraud risks. This allows the HHS Secretary close the barn door before the horses have left.

The new law also contains new penalties for fraudulent providers and new data sharing provisions to catch criminals.

And it provides hundreds of millions of dollars in new funding to help CMS, the Inspector General, and the DOJ fight Medicare and Medicaid fraud. We will hear today about how the CMS and the Inspector General have already put these funds to work.

I am proud of these efforts to reduce fraud.

In January, every single Republican member of Congress voted to repeal the entire Affordable Care Act, including these essential anti-fraud provisions. In February, as part of the Continuing Resolution, every single Republican voted to ban the use of funds to implement the Affordable Care Act, including the funds needed to implement the anti-fraud provisions. That vote was penny-wise, pound-foolish.

We will hear today from CMS, from the HHS Inspector General, and from GAO about the new authority and new funding they have to eliminate Medicare and Medicaid fraud, thanks to the Affordable Care Act. I hope this testimony will make some members reconsider. If we truly care about protecting the taxpayer, we should support – not defund – the Administration’s initiatives to reduce Medicare and Medicaid fraud.