

From: Silverfarb, Bill

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To: Silverfarb, Bill

Subject: Congresswomen Speier: Oversight Committee Needs to Investigate Fraud in Federal Healthcare Programs



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Congresswomen Speier: Oversight Committee Needs to Investigate Fraud in Federal Healthcare Programs

WASHINGTON, DC – Congresswomen Jackie Speier (D-San Francisco/San Mateo/Redwood City) issued the following statement today after sending a letter to House Committee on Oversight and Government Reform Chairman Darrell Issa urging an investigation and hearing into alleged Medicare, Medicaid, and TRICARE fraud by Health Management Associates (HMA), a for-profit hospital chain.

“If taxpayers have been ripped off for \$600 million in a scheme that hurts our seniors, our poor, and our veterans, and their potential access to health care than this is what the committee should be investigating. We should not be spending thousands of hours on hearings promoting political agendas.”

The letter is attached and here:

April 2, 2014

The Honorable Darrell Issa
Chairman
House Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Issa:

I am writing to ask for the committee to investigate and hold a hearing on the alleged Medicare, Medicaid, and TRICARE fraud perpetrated by a for-profit hospital chain. *Qui tam* lawsuits joined by the Department of Justice allege the hospital chain ripped off taxpayers for \$600 million. The practices utilized, if systemic, present a significant risk to taxpayer dollars. This case clearly warrants the committee's immediate attention as part of its mission and jurisdiction to identify waste, fraud, and abuse.

Fraud remains rampant in federal healthcare programs. Since 2009, the U.S. Department of Justice (DOJ) recovered more than \$19 billion through False Claims Act cases, with more than \$13.4 billion recovered from cases involving federal health care programs.

Recently, the *New York Times* published an article detailing claims of potential Medicare and Medicaid fraud conducted by Health Management Associates (HMA), a for-profit hospital chain based in Naples, Florida. The U.S. Department of Justice in January joined eight separated whistle-blower *qui tam* lawsuits against HMA in six states. The lawsuits describe cases of potential fraud in which software systems, financial incentives, and threats combined to increase the company's payments from Medicare, Medicaid, and TRICARE. According to these whistleblowers, the directives to increase profits came from as high up as the office of the former CEO of HMA, Gary Newsome. Administrators at HMA hospitals were allegedly required to use a software program called Pro-Med to monitor patient admittance and assigned physicians admission goals that were updated on daily scorecards. In one illustrative example of unnecessary hospital admittances, a baby was admitted for a "fever" with a temperature of only 98.7 degrees. In another case, hospitals allegedly paid kickbacks to clinics in order to increase the referral numbers of pregnant Hispanic women, covered by Medicaid, who would then deliver there. Those who raised questions about the policies or refused to follow them were often fired.

Press reports also allege HMA set benchmark admission rates of 75 percent for Medicare patients, compared to the national average of 45 percent. According to the World Health Organization, health care-associated infections or infections acquired while in health care settings -- such as hospital stays -- are the most frequently occurring adverse event in health-care delivery worldwide. Admitting patients into the hospital for anything other than a justifiable medical reason not only results in fraudulent charges to programs such as Medicare, but also puts those patients' health in significant danger. These dangerous practices were allegedly reinforced by kickbacks, with one hospital CEO offering cash incentives in 2006 of \$3,000 per quarter to each emergency physician who met admission guidelines directed by HMA. Another hospital CEO allegedly offered incentives of \$2,000 per physician per quarter, which could have reached \$250,000 per year.

Community Health Systems' (CHS) recent acquisition of HMA gives cause for further concern. Through its subsidiaries, CHS owns, leases, or operates 206 hospitals in 29 states, employs 135,000 people, and hosts 27,000 physicians on its medical staffs. With the acquisition, HMA brings the 71 hospitals in 15 states that it operates, and increases the necessity to look into these troubling practices. The merger has made CHS the second-largest for-profit hospital chain by revenue in the nation. Press reports have also detailed that the lawsuits filed concern not only

a former HMA chief executive, who was hired from CHS in 2008, but that CHS is in separate discussions with the federal government regarding similar accusations that it inappropriately increased admissions.

The committee should also investigate whether the U.S. Department of Health and Human Services (HHS) should have detected this fraudulent scheme and whether there are weaknesses in the fraud detection process. And, while the DOJ's investigation is ongoing, the committee may also want to examine whether the for-profit hospital chain's actions should result in their suspension or disqualify them from participation in these programs, or require additional oversight measures.

Thank you for your consideration of this matter. Should you have questions, please contact my staffer Molly Fishman at (202) 225-3531. I look forward to working with you to address this issue.

All the best,

Jackie Speier
Member of Congress

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Congresswoman Jackie Speier is proud to represent California's 14th Congressional District, which includes parts of San Francisco and San Mateo counties. She is a senior member of the Committee on Oversight and Government Reform and the House Armed Services Committee (HASC). In her role on the Oversight and Government Reform Committee, the Congresswoman is a ranking member on the Subcommittee on Energy Policy, Health Care, and Entitlements and serves on the Subcommittee on National Security. She serves on the Readiness Subcommittee and the Oversight and Investigations Subcommittee on HASC and is a member of the House Gun Violence Prevention Task Force. Congresswoman Speier was appointed to serve as a Senior Whip for the Democratic caucus in the 113th Congress.

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