

EDOLPHUS TOWNS, NEW YORK,
CHAIRMAN

PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
JOHN F. TIERNEY, MASSACHUSETTS
WM. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
JIM COOPER, TENNESSEE
GERALD E. CONNOLLY, VIRGINIA
MIKE QUIGLEY, ILLINOIS
MARCY KAPTUR, OHIO
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
PATRICK J. KENNEDY, RHODE ISLAND
DANNY K. DAVIS, ILLINOIS
CHRIS VAN HOLLEN, MARYLAND
HENRY CUELLAR, TEXAS
PAUL W. HODES, NEW HAMPSHIRE
CHRISTOPHER S. MURPHY, CONNECTICUT
PETER WELCH, VERMONT
BILL FOSTER, ILLINOIS
JACKIE SPEIER, CALIFORNIA
STEVE DRIEHAUS, OHIO
JUDY CHU, CALIFORNIA

ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
MINORITY (202) 225-5074

www.oversight.house.gov

DARRELL E. ISSA, CALIFORNIA,
RANKING MINORITY MEMBER

DAN BURTON, INDIANA
JOHN L. MICA, FLORIDA
MARK E. SOUDER, INDIANA
JOHN J. DUNCAN, JR., TENNESSEE
MICHAEL R. TURNER, OHIO
LYNN A. WESTMORELAND, GEORGIA
PATRICK T. McHENRY, NORTH CAROLINA
BRIAN P. BILBRAY, CALIFORNIA
JIM JORDAN, OHIO
JEFF FLAKE, ARIZONA
JEFF FORTENBERRY, NEBRASKA
JASON CHAFFETZ, UTAH
AARON SCHOCK, ILLINOIS
BLAINE LUETKEMEYER, MISSOURI
ANH "JOSEPH" CAO, LOUISIANA

March 17, 2010

The Honorable Kathleen Sebelius
Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius:

A list of unimplemented recommendations recently released by your department's Inspector General have raised troubling questions about your department's lack of focus on addressing waste, fraud, and abuse of taxpayer funds. Last week, the Department of Health and Human Services Office of Inspector General (IG) released its annual Compendium of Unimplemented Office of Inspector General Recommendations (Compendium). The list contains 86 significant outstanding recommendations that if implemented, "have the potential to result in cost savings and improvements to program efficiency and effectiveness."¹ The report identifies over \$12.2 billion in savings that could be realized, with over \$8.7 billion coming from Medicare and Medicaid "Priority Recommendations" alone.²

The previous year's Compendium of Unimplemented Office of Inspector General Recommendations (released May 2009), contained 63 such recommendations. Disturbingly, only 10 of these 63 significant IG recommendations from 2008 appear to have been either fully implemented by this Administration during its first year in office or deemed no longer relevant by the IG – the other 53 appear again on this year's report. I would remind you that Under the Inspector General Act, federal agencies are supposed to complete final action on IG recommendations within one year. This point was emphasized in a Congressional report released last year jointly by Senator Claire

¹ Office of Inspector General, Compendium of Unimplemented Office of Inspector General Recommendations (March 2010).

² According to HHS OIG, Priority Recommendations "represent the most significant opportunities to positively impact HHS's programs."

McCaskill and Representatives Henry Waxman and Edolphus Towns that took the Bush Administration to task for unimplemented IG recommendations.³

The growth in the number of significant outstanding unimplemented IG recommendations in HHS under this Administration is of great concern. The significant amount of time spent by senior officials in your department lobbying for the President's government healthcare proposal raises important questions about whether these activities have distracted efforts to root out waste, fraud, and abuse by ensuring that IG recommendations are implemented.

Over a year has been spent debating health care reform, in anticipation of sweeping legislation to make health care more affordable. The debate has come down to a discussion of cutting costs by addressing waste, fraud and abuse in health care. But why wait for Congress to pass an almost trillion dollar health care measure, when significant savings can be realized simply by addressing the areas called to your attention by the OIG. The first steps to fixing our health care system – taking the recommended actions to address already identified instances of waste, fraud or abuse – can and should be undertaken by your Department.

The health care sector is rife with waste, fraud and abuse, and the government-run programs are some of the worst offenders. Each year, tens of billions of dollars are lost to fraud in Medicare and Medicaid.⁴ Since 1990, the Government Accountability Office has placed Medicare on its High Risk Series due to “growing concerns about the quality of fiscal oversight, which is necessary to prevent inappropriate spending.”⁵ Implementing the OIG's recommendations will help to address this runaway waste, and save taxpayer dollars. A focus on fixing identifiable problems within the government itself would, in fact, be a common sense step toward reforming healthcare before efforts to expand federal intervention in healthcare move forward.

To help the Committee understand why HHS has not implemented OIG's recommendations, as well as your plan and timetable for doing so, I request that you provide the Committee with the following information in writing by March 31, 2010:

1. For each item identified in the 2010 Compendium of Unimplemented Office of Inspector General Recommendations, provide a narrative as to what steps are being taken to correct the failure or otherwise comply with the OIG's recommendation;

³ Staff of H. Comm. on Oversight and Gov't Reform, 111th Cong., *Inspectors General: Implementing Thousands of Open Recommendations Could Save Taxpayers Almost \$26 Billion* (2009).

⁴ Hon. Eric Holder, Att'y Gen., U.S. Dep't of Justice, Press Conference on New Medicare Initiative (May 20, 2009).

⁵ *Eliminating Waste and Fraud in Medicare and Medicaid Hearing Before the Subcomm. on Fed. Fin. Mgmt., Gov't Info., Fed. Serv., and Int'l Sec. of the S. Comm. on Homeland Sec. and Gov't Affairs*, 111th Cong. 5 (2009) (statement of Kay L. Daly, Director, Fin. Mgmt. and Assurance, U.S. Gov't Accountability Office (hereinafter GAO)) (noting that Medicare has been on the High Risk List since 1990 and Medicaid since 2003).

The Honorable Kathleen Sebelius
March 17, 2010
Page 3 of 3

2. For each item identified in both the 2009 and 2010 Compendia,
 - a. Provide a narrative as to why action has not yet been taken; and
 - b. Provide a narrative as to what steps will be taken to correct the failure or otherwise comply with the OIG's recommendation.

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X.

Thank you in advance for your prompt attention to this matter. Please contact Molly Boyd at 202-225-5074 should you require any additional information.

Sincerely,



Darrell Issa
Ranking Member

Cc: The Honorable Edolphus Towns, Chairman