

Congress of the United States

Washington, DC 20515

March 6, 2024

The Honorable Christi Grimm
Inspector General
Office of Inspector General
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

The Honorable Chiquita Brooks-LaSure
Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Inspector General Grimm and Administrator Brooks-LaSure,

We write to express our concern and request a briefing on an issue that has recently been highlighted in public reporting—a large-scale, year-long Medicare fraud scheme involving catheter billing.¹ Public reporting estimates the cost of fraud from this scheme to be at \$2 billion, but discussions with stakeholders suggest the dollar figure may be closer to \$3 billion.² As the Committees with oversight responsibility for Medicare, and Chairs of the GOP Doctors’ Caucus, we are alarmed that such blatant fraud may have gone undetected for over a year. If so, the failure to detect such fraud threatens the fiscal integrity of Medicare, undermines the public’s trust, and risks the well-being of beneficiaries.

House Republicans have long raised alarm about the prevalence of improper and fraudulent payments in the Medicare and Medicaid programs.³ In 2016, Republican Members of Congress wrote to then Centers for Medicare and Medicaid Services (“CMS”) Acting Administrator Andy Slavitt to express concern over the rise in Medicare's improper payments.⁴ During the Trump administration, Medicare improper payments were reduced by billions per

¹ Dan Diamond et al., *U.S. investigates alleged Medicare fraud scheme estimated at \$2 billion*, THE WASHINGTON POST (Feb. 9, 2024), <https://www.washingtonpost.com/national-security/2024/02/09/medicare-alleged-fraud-catheters/>.

² *Id.*

³ Letter from The Hon. Cathy McMorris Rodgers et al., Chair, H. Comm. on Energy and Commerce, to The Hon. Christi Grimm, Inspector General, U.S. Dep’t of Health & Human Servs (Oct. 30, 2023), https://d1dth6e84htgma.cloudfront.net/10_30_23_Letter_to_HHS_Improper_Payments_0db0664726.pdf.

⁴ Letter from The Hon. Kevin Brady et al., Chairman, H. Comm. on Ways & Means, to Andrew Slavitt, Acting Administrator, Ctr. for Medicare & Medicaid Servs (Sept. 12, 2016), available at <https://waysandmeans.house.gov/wp-content/uploads/2016/09/20160912-FPS-2-letter-to-CMS.pdf>.

year.⁵ In the years since President Biden took office in January 2021, however, improper payments have increased dramatically.⁶ As of 2022, Medicare’s improper payments had risen to more than \$85 billion.⁷ It is imperative that the U.S. Department of Health and Human Services (“HHS”) Office of the Inspector General (“OIG”) take immediate action to reduce improper payments and ensure that taxpayer dollars are directed towards the care of our senior citizens whom Medicare is intended to serve.

Based on the information that is publicly known to date, the scale of the alleged catheter billing fraud, affecting over 450,000 Medicare beneficiaries, may represent a significant failure by CMS and HHS OIG.⁸ This dramatic, multifold increase in catheter billing—from just a handful of companies—should have been quickly identified and addressed. If public reports about the apparent ease with which this fraud was perpetrated are accurate, they raise questions about the efficacy of current CMS and the HHS OIG fraud detection and prevention measures. In addition, there are stakeholder concerns that a similar increase in fraud has occurred in diabetes supplies, and that this increase may be evidence of a new fraud against the Medicare program.

Moreover, while we understand that the lack of clear communication from CMS and HHS OIG to patients, health care providers, Congress, and the public may be a result of the agencies’ desire to protect an ongoing investigation, the lack of information may force victims to seek information through unofficial channels, such as social media platforms.⁹ It is unacceptable that beneficiaries have to rely on platforms like Facebook to share and obtain information on potential Medicare fraud.

We request separate briefings from CMS and HHS OIG no later than **March 20, 2024**, to better understand the steps being taken to address this fraud and prevent its reoccurrence. For this briefing your office should be prepared to discuss the following with the Committees and GOP Doctors Caucus Chairs:

- When did CMS and HHS OIG first become suspicious that the increase in the catheter billing was improper and due to fraud? What actions, if any, did you take based on these suspicions?
- When were CMS and HHS OIG first alerted to the increase in catheter billing complaints?
- What actions were taken in response to being notified, who took those actions, and when were those actions taken?

⁵ Improper Payment Rates and Additional Data (Jan. 8, 2024), <https://www.cms.gov/data-research/monitoring-programs/improper-payment-measurement-programs/comprehensive-error-rate-testing-cert/improper-payment-rates-and-additional-data>.

⁶ *Id.*

⁷ *Id.*

⁸ Sarah Kliff & Katie Thomas, *Staggering Rise in Catheter Bills Suggests Medicare Scam*, THE NEW YORK TIMES (Feb. 9, 2024), <https://www.nytimes.com/2024/02/09/health/medicare-billing-scam-catheters.html>.

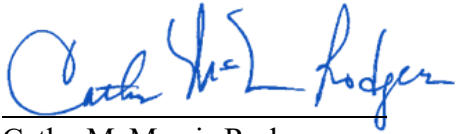
⁹ *Id.*

- Have you identified failures in CMS's provider verification process. If so, what corrective measures are now being taken?
- What is the current financial impact of catheter billing fraud on the Medicare program, including the total amount of money lost due to the fraud and the total amount of funds held in escrow?
- What strategies do CMS and HHS OIG intend to deploy to recuperate these substantial losses?
- Who are the individuals who perpetrated the fraud?
 - Have any arrests been made?
 - Are these individuals still in the U.S., or have since fled the country?
 - Do the perpetrators have ties to organized crime or terrorism?
- How did the individuals executing the fraud gain access to the personal information of hundreds of thousands of Medicare beneficiaries?
 - Can their access be attributed to any of the recent cyber security breaches experienced by HHS?
- Which durable medical equipment (“DME”) companies have CMS and HHS OIG identified as part of this fraudulent activity, and which companies are now under scrutiny for potential involvement in this catheter billing fraud?
- What criteria do CMS or HHS OIG use to determine a spike in claims for DME that warrants an investigation?
- Have CMS or HHS OIG enacted any new measures to detect and mitigate fraudulent billings following this catheter billing scheme?
- Are there other instances where claims for DME increased by 50 percent or more since January 2019? If so, be prepared to explain such instances in detail and how they were investigated.
- If the concerns over a similar increase in diabetes supply fraud in the Medicare program is accurate, please be prepared to brief the Committees on your response to such increases in fraud.

We appreciate your prompt attention to this critical matter as we ensure that both the integrity of the Medicare program and the trust of its beneficiaries are restored. If you have any questions, please contact the Energy and Commerce Committee Majority staff at (202) 225-3641

or the Ways and Means Committee Majority staff at (202) 225-3625 or the Committee on Oversight and Accountability Majority staff 202-225-5074. Thank you for your attention to this request.

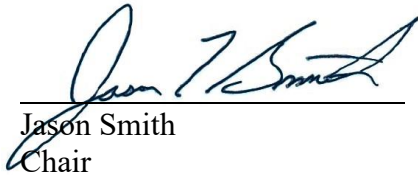
Sincerely,



Cathy McMorris Rodgers
Chair
Committee on Energy and
Commerce



James Comer
Chair
Committee on Oversight and
Accountability



Jason Smith
Chair
Committee on Ways and Means



Morgan Griffith
Chair
Subcommittee on Oversight and
Investigations
Committee on Energy and
Commerce



Brett Guthrie
Chair
Subcommittee on Health
Committee on Energy and Commerce



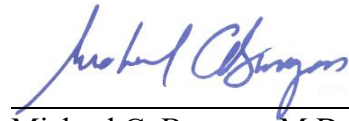
Lisa McClain
Chair
Subcommittee on Health Care and
Financial Services
Committee on Oversight and
Accountability




Vern Buchanan
Chair
Subcommittee on Health
Committee on Ways and Means



David Schweikert
Chair
Subcommittee on Oversight
Committee on Ways and Means



Michael C. Burgess, M.D.
Co-Chair
GOP Doctors Caucus



Gregory F. Murphy, M.D.
Co-Chair
GOP Doctors Caucus



Brad R. Wenstrup, DPM
Co-Chair
GOP Doctors Caucus

CC: Frank Pallone Jr., Ranking Member, Energy and Commerce Committee
Anna Eshoo, Ranking Member, Subcommittee on Health
Kathy Castor, Ranking Member, Subcommittee on Oversight and Investigations
Richard E. Neal, Ranking Member, Ways and Means Committee
Lloyd Doggett, Ranking Member, Subcommittee on Health
Bill Pascrell, Ranking Member, Subcommittee on Oversight
Jamie Raskin, Ranking Member, Committee on Oversight and Accountability
Katie Porter, Ranking Member Subcommittee on Health Care and Financial Services