

June 8, 2010

Dear Attorney General:

It was a pleasure to have the opportunity to speak with you and your staff a few weeks ago. We wanted to send you a letter summarizing our discussions and following up with some suggestions of ways we can work together to protect the American people from health care fraud.

In the two months since the Affordable Care Act was signed into law, we have made substantial progress on providing better choices for consumers, tackling health care costs, and holding insurance companies accountable. But while we have been hard at work, scam artists and criminals continue to profit from misinformation about the Affordable Care Act.

Since early April, we have heard increasing reports about seniors being asked to provide their Social Security numbers in order to receive a "donut hole" check under the new law, raising concerns about potential identity theft scams. We have fielded consumer complaints about phony insurance policies, and our Senior Medicare Patrols have been receiving a growing number of calls from people across the country reporting potential fraud schemes.

We are heading into the week when our first tax-free \$250 donut hole rebate checks will be mailed out to Medicare beneficiaries who have fallen into the coverage gap. Accordingly, we are especially concerned about fraud and increased activity by criminals seeking to defraud seniors – and we are seeking your help to stop it.

The President has asked us to reach out to you and to other federal, state, and local law enforcement officials across the country to mount a substantial outreach campaign to educate seniors and other Medicare beneficiaries about how to prevent scams and fraud. Some important components of these outreach and education efforts, where you and your staff could make a big difference, are described below.

First, the President has directed the Department of Health and Human Services (HHS) to cut the improper payment rate, which tracks fraud, waste and abuse in the Medicare Fee for Service program, in half by 2012.

Second, following on the National Health Care Fraud Summit we co-hosted in Washington earlier this year, the President has asked both our Departments to convene a series of regional fraud prevention summits around the country over the next few months. The first summit will take place in Miami on July 16. Other summits will follow in, for example, Los Angeles, Las Vegas, Detroit, Boston, New York, and Philadelphia.

These summits will bring together top federal and state officials; representatives of federal, state, and local law enforcement; representatives of our agencies; the health care provider community, such as hospitals and doctors; local businesses; the Senior Medicare Patrol; caregivers; and seniors, for a day of panels and training sessions. Your expertise and experience will be instrumental to the success of these events.

Third, at the Attorney General's request, the Acting Deputy Attorney General has sent a memo to every United States Attorney in the country asking them to convene regular health care fraud task force meetings to facilitate the exchange of information with partners in the public and private sector, and to help coordinate anti-fraud efforts. Most of these meetings will be held quarterly, with some exceptions for smaller districts. All 93 U.S. Attorneys have been asked to put a plan into place and schedule their first meeting by August 16, 2010. We hope that you and your office will take part in these regular exchanges on effective fraud fighting strategies.

Fourth, HHS will be doubling the size of the Senior Medicare Patrol and putting more boots on the ground in the fight against Medicare fraud. Since 1997, HHS and its Administration on Aging have funded Senior Medicare Patrol projects to recruit and train retired professionals and other senior citizens about how to recognize and report instances or patterns of health care fraud. Close to three million Medicare beneficiaries have been educated since the start of the program, and more than one million one-on-one counseling sessions have taken place with seniors or their caregivers. Currently, the Senior Medicare Patrol program funds projects in every state, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands.

Fifth, the Centers for Medicare & Medicaid Services, in conjunction with the Administration on Aging, will be launching an educational media campaign this summer to educate Medicare beneficiaries about the importance of staying vigilant with their personal Medicare information and getting the facts out about the new law so that scam artists are not able to prey on seniors.

The more we can educate the American people about fraud prevention, the better chance we have to protect taxpayer dollars and the Medicare trust fund. The Affordable Care Act also contains some important new tools and resources that will directly help law enforcement officials crack down on fraud.

As you are well aware, fraud schemes have plagued public and private health care plans for decades. Fraudsters have been stealing billions of dollars a year from Medicare, Medicaid, and private health insurers. A year ago, our Departments joined forces to combat fraud in federal

health programs. Through the establishment of the Health Care Fraud Prevention Enforcement Action Team (HEAT), we have expanded special anti-fraud Medicare Fraud Strike Forces into seven cities, developed sophisticated new techniques of fraud prevention data analysis, and redirected program integrity resources to fraud hot spots.

Building on our record of aggressive action, we will use the new tools and resources provided by the Affordable Care Act to further crack down on fraud. These include new criminal and civil penalties, enhanced information technology to track and prevent fraud in the first place, and new authorities to prevent bad actors from billing Medicare and Medicaid. HHS has already issued the first set of fraud prevention regulations required under the new health law. These regulations strengthen provider enrollment requirements to ensure we have the ability to better identify, screen, and audit providers and claims.

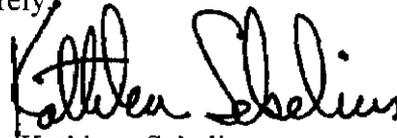
As we do our part in Washington, we want to work closely with you and other state officials to fight fraud. In that vein, the Affordable Care Act also strengthens state officials' ability to detect and root out Medicaid fraud. For example, the law provides new access to Medicaid data for the Secretary of HHS that will help both states and the Administration to coordinate anti-fraud activities and gives states greater incentives and flexibility in identifying and collecting Medicaid overpayments. It also helps to promote enhanced information technology to track and prevent fraud, including predictive modeling techniques that can identify abusive or fraudulent billing patterns, audits, and a shared provider database for pre-enrollment screening and post-enrollment anomaly monitoring.

Securing health care coverage, affordability, and choices for Americans requires hard work and vigilance. We stand ready to serve as a resource and partner for you as we work together to fight fraud, implement the provisions of the new health reform law, and strengthen our health care system.

Sincerely,



Eric H. Holder, Jr.
Attorney General



Kathleen Sebelius
Secretary of Health and Human Services