



COMMITTEE ON DEMOCRATS  
**ENERGY & COMMERCE**  
RANKING MEMBER FRANK PALLONE, JR.

**FOR IMMEDIATE RELEASE**

September 11, 2015

**CONTACT**

Christine Brennan — (202) 225-5735

**Statement of Ranking Member Frank Pallone, Jr., as prepared for delivery  
House Energy and Commerce Committee  
Subcommittee on Health  
Hearing on “Strengthening Medicaid Program Integrity and Closing Loopholes”**

Thank you, Mr. Chairman, for convening a hearing on these six pieces of legislation before our Committee.

I am pleased to see that some of the legislation we are considering here today are true efforts to improve program integrity in Medicaid in ways that will strengthen the Medicaid program. That is a longstanding priority of mine. There is still some technical work to be done, but the draft proposal that would build on authority given to CMS and states to terminate fraudulent providers from the Medicaid program is a worthwhile policy. We need to do a better job in this area to make sure that providers eliminated in one state are no longer able to cross state lines and continue to be reimbursed for bad care for beneficiaries. This legislation will do that, and I look forward to working with my colleagues on this proposal.

The proposed legislation under consideration today that would encourage our territories-like Puerto Rico to invest in the creation of Medicare Fraud Control Units that over the long term will bring dollars back to beneficiaries, where they belong, is a no-brainer. I have to say, however, that another bill, H.R. 1570, requiring website information about the territories beyond Puerto Rico, is a dramatic step. I'd prefer to start first with a request to the agency for that information before enacting a law to that effect. While not harmful, this approach seems rigid and misguided.

I appreciate the interest in cracking down on fraud in the personal care services (PCS) and home and community-based care space. Ensuring beneficiaries actually receive quality PCS to which they are entitled is an issue of serious importance, and one that I look forward to working with this Committee on further. HHS-OIG has published an extensive body of work examining Medicaid PCS, and has found significant and persistent compliance, payment, and fraud vulnerabilities that we will hear about today. I have concerns about H.R. 2446 as drafted; however, I do believe this issue should be addressed and look forward to a thorough review and assessment of recommendations for improvement.

Unfortunately, we aren't considering just program integrity bills today. The ultimate test for all Medicaid legislation should be to determine if the proposal supports overarching Medicaid objectives: to strengthen coverage, expand access to providers, improve health outcomes, and increase the quality of care for beneficiaries.

I believe that the majority of what we are looking at for program integrity in Medicaid today achieves those goals.

However, efforts to scale back eligibility in the Medicaid program, in any way, is not "program integrity" and it's not "closing loopholes".

Proposals like the one we have here today that purports to address this so-called plight of "lottery winners" in Medicaid are completely unnecessary from a practical perspective. We have several checks in place and states already have the authority they need. But far more concerning is that H.R. 2339 is not about lottery winners at all; it is about undermining the streamlined, coordinated eligibility approach the ACA established by allowing states to count "lump sum income" that an individual may receive as though it were income that the individual is receiving for one to 20 years after actual receipt.

And by lump sum, we're not talking about lottery winners. We're talking about uncompensated care settlement payments, Social Security disability back pay. We're talking about eliminating coverage for up to 20 years for a child on Medicaid because they have a parent that finally got a break with a little bit of income from selling the family home. Proposals like these, that would undermine coverage for millions of low-income individuals including some of our most vulnerable children and seniors, are punitive to beneficiaries.

Reviewing our final bill here today, H.R. 1771, I am pleased that perhaps we can have a discussion about long term care insurance- or the lack thereof. I appreciate this legislation's effort to ensure spousal impoverishment protections remain when one spouse must enter a nursing home. As many of you know, I was a strong supporter of the CLASS act, that has since been repealed, and I have called repeatedly for a real discussion about a long-term care benefit that a middle income family can depend on to be there when they need it. We have no long term care insurance in this country. And until we are ready to have a discussion about improving options in the long term care insurance marketplace, I am concerned about changes to Medicaid eligibility in this space, even for a very small amount of individuals.

I have said repeatedly that the Medicaid program is the bedrock of the nation's safety-net. I take protecting Medicaid seriously, and I view some of the good program integrity proposals we have to consider here today as efforts to advance that goal. However, Medicaid is the lifeline nearly 72 million children, elderly and low-income individuals depend on for health coverage, and I will never support a proposal that would take that coverage away.

Mr. Chairman, I want to thank you again for calling this hearing—I look forward to working with you further to consider some of these initiatives, and a thoughtful discussion.

###