

**Remarks for Secretary Kathleen Sebelius
Senior Medicare Patrol National Conference
Omni Shoreham Hotel
Washington, DC
August 18, 2009**

I. Acknowledgements

Thank you, Kathy, for that introduction. Kathy and I go way back. We used to work together at the Kansas Insurance Department. So we have a long history of fighting together to protect consumers. And we're all lucky to have Kathy as the Assistant Secretary for Aging because nobody will fight harder for older Americans.

I'd also acknowledge all the Senior Medicare Patrol volunteers who are here today – especially those volunteers who will be honored tomorrow. We're inspired by your service. We're grateful for your partnership. And without giving too much information away, it won't be that long before I'm eligible for Medicare benefits. So it's good to know you've got my back.

Finally, I'd like to acknowledge all our partners in the fight against Medicare fraud. No single department or agency could address this problem on their own. It's a team effort. And we couldn't have made the progress we have without all the dedicated employees at the Administration on Aging, the Centers for Medicare and Medicaid Services, the Office of the Inspector General, and the Department of Justice.

II. Efforts to Fight Medical Fraud

When President Johnson signed Medicare into law in 1965, it was one of the greatest steps forward our country has ever taken. Back then, seniors were one of our most vulnerable groups. It wasn't uncommon for an older couple to sell their house to pay their medical bills.

Today, seniors get some of the best care of any Americans. And they have some of the most security: unlike private insurance, Medicare can't drop your insurance when you get sick or deny you coverage because of a preexisting condition.

That's why Medicare is so popular. But providing care for our seniors isn't cheap. The latest estimates say Medicare will cost the federal government over \$425 billion this year. Medicaid will cost over \$200 billion. And anytime that much money changing hands, some people are going to want to steal some of it.

You know the old story about the bank robber Willie Sutton. "Why do you rob banks?" someone asked him. "Because that's where the money is," he said.

So there's a tension in Medicare. Every day, it pays more than three million claims to more than 1.5 different suppliers and providers. It needs to pay these claims quickly and

efficiently so that doctors can get reimbursed and seniors can get the care they need. But it also needs to make sure the claims are legitimate.

We have several prevention and enforcement programs to do that. But over the last few years, the threat grew faster than our response. Between 2003 and 2008, Medicare spending went up 10% a year. But spending by the Health Care Fraud and Abuse Control Program only went up 1% a year. Medicare added a whole prescription drug benefit. But efforts to monitor Medicare claims barely increased.

Since taking office in January, President Obama has brought new attention and resources to this problem.

In May, Attorney General Eric Holder and I announced the creation of the Health Care Fraud Prevention and Enforcement Action Team, or HEAT for short. The HEAT team is made up of senior staff from both Departments. Its goal is to find new ways to attack fraud.

In July, a HEAT initiative in Houston led to the arrest of 32 doctors and health care executives in four cities for cheating Medicare out of \$16 million. A similar initiative in Miami brought charges against 42 people for a scam involving expensive infusion treatments for HIV/AIDS patients.

We call these initiatives Strike Force teams. In addition to the teams in Houston and Miami, we also have teams in Los Angeles and Detroit. And because they've been so successful, we're planning to add more teams in the months to come. You can read more about these efforts at a new website www.stopmedicarefraud.com, which I encourage all of you to visit.

We're also learning to analyze data better so that we can identify fraud more easily. If one county bills Medicare ten times as much for a procedure as another county and they have the same number of Medicare patients, something is probably going on. Criminals are always finding new ways to scam the system. So we have to find new ways to stop them.

Fighting fraud is one of the best investments our government makes. For every dollar we spend to prevent fraud, a dollar and fifty cents come back to the taxpayer. But Medicare is a huge program. Even under President Obama's aggressive leadership, we still review less than three percent of claims.

That's why the SMP is so important. The strongest defense against crime is not law enforcement. It's informed citizens. Patrol officers help prevent break-ins. But the biggest reason there aren't more burglaries is that we all lock our windows and doors at night. And look after our neighbors.

III. The Senior Medicare Patrol Program

The best protection against crime is when people protect themselves. That's where the Senior Medicare Patrol comes in. The SMP has a simple motivation: American seniors don't like it when people steal from their Medicare. Since 1997, the SMP has educated more than 20 million seniors about Medicare fraud and errors. They've taught them how to recognize it, how to prevent it, and how to educate their friends.

The advice can be as simple as teaching someone how to read their Medicare Summary Notice. Or explaining to them that their Medicare number is like a credit card number – they should never give it away. And the results are impressive. Since 1997, you've saved the government over \$100 million.

You're also a deterrent. Having SMP members scattered across the country is like having undercover cops on the street. If a criminal thinks he might get reported, he's much less likely to try to cheat someone.

But the best way to appreciate the work the SMP does is to hear a story like this one I heard the other day about Mario Sanchez from Harlingen, Texas. Mario is 72 and has diabetes. Earlier this year, he got a work order from his medical supplies company for the lancets and test strips he uses to check his blood sugar.

That work order was just one of the 3 million claims Medicare pays out every day. It easily could have been one of the ones that went through without any scrutiny. But it wasn't – for one reason: a few months earlier, Mario had heard a SMP presentation at his adult daycare center. He knew that as valuable as his Medicare was to him, it was just as valuable to crooks who could use it to steal money from the government.

So Mario made sure to read the work order closely. It turned out his order was actually for 200 boxes and \$7,000 even though he was only supposed to get 2 boxes. So he contacted the National Hispanic Senior Medicare Patrol. They helped him get the work order changed to the correct amount of just over \$200.

But here's the most important part of the story: today, Mario closely reviews every single one of his medical forms with members of the SMP. That's the biggest benefit of the work that you do...the way you recruit other people to your cause...the way you are slowly, surely building the kind of educated community that scares off potential criminals before they even come up with a scam.

Earlier this year, I was at an event with Attorney General. He mentioned an ABC News piece about a man who had switched from selling drugs to Medicare fraud because it was easier and more profitable. We don't want people to go back to selling drugs. But we also don't want them to think cheating seniors is a good way to make an easy buck.

Thanks to you, that's starting to change.

IV. Health Reform Message

Now, I know you'll be hearing a lot about fraud over the next few days. But before I close this morning, I also want to say a few words about health reform.

If you were watching the news this weekend, you probably saw some reports about the Obama administration and the "public option." All I can say is, it must have been a slow news day. Here's the bottom line: nothing's changed. We support having a public insurance option that will help lower costs, give American consumers more choices and keep private insurance companies honest. If people have other ideas about how to accomplish those goals, we'll study those too.

But the public option would be one good way to do this. We have seen it work in for state employees in 30 states including my home state of Kansas. And what it does is provide a choice in markets that are sometimes dominated by one insurance company that can charge what it wants because there is no competition. That is what we want to change with health insurance reform. More choices. More competition. That's the goal.

Now, my father, who was in the Congress when Medicare was passed, is now 88 years old. What we know now about Medicare is that it's universally beloved. If you took a vote in the House and Senate today on Medicare services, it's hard to believe that anyone would stand up and vote no. It would probably pass overwhelmingly in a bipartisan landslide. But back in 1965 when there was the first vote on Medicare services and a whopping Democratic majority in both the House and the Senate, Medicare only passed by 45 votes.

The point is this, change is never easy, but if we can achieve reform this fall, we might have a chance to look back 40 years from now and say we were there when our country made another important step to ensuring high quality health care for all Americans.

So again, thank you for your service, thank you for what you do to keep Medicare solvent and secure into the future, and thank you for having me here today.

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