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# Congress of the United States

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### Opening Statement Congressman Todd R. Platts July 14, 2003

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President Bush has made the reduction of improper payments a significant part of his management agenda. In support of that agenda, this subcommittee believes that taxpayers have a fundamental right to know how their tax dollars are being spent. Improper payments by federal agencies are a serious and growing problem which costs taxpayers billions of dollars each year. We have seen some estimates that put the improper payment figure as high as \$35 billion. Many believe this figure is likely just the tip of the iceberg.

The lack of consistency in calculating, defining and accounting for erroneous payments further complicates agencies' efforts to combat this problem. The "Improper Payments Information Act" signed into law late last year is designed to address these very concerns. An improper payment is any payment that should not have been made. It can be incorrect payment, an over- or under- payment, and can include, among other things, a payment to an ineligible recipient, a payment for an ineligible service, a duplicate payment or a payment for a service not received.

While we do not yet have our arms around the total extent of the problem, what we do know is that these mistakes, which occur throughout government, are made because agencies do not have adequate internal financial controls and business process systems to protect against these types of errors. The federal government, led by the President, the Office of Management and Budget, the General Accounting Office and agency leaders such as the Department of Health and Human Services is making progress in identifying and reducing the rate of improper payments.

Here in Tennessee, waste, fraud, and mismanagement in the TennCare program remain major concerns. Tennessee has been very aggressive in investigating potential fraud cases and has in place a number of mechanisms aimed at reducing TennCare fraud. In addition to the TBI's Medicaid Fraud Control Unit, the State of Tennessee operates the Bureau of TennCare's Program Integrity Unit. The most identifiable form of fraud in the

TennCare program is provider fraud, where providers commit fraud by lying to obtain an improper payment for services rendered (or allegedly rendered) to TennCare recipients. With an annual budget of approximately \$6 billion dollars for TennCare, \$4 billion of which is provided by the federal government with another \$2 billion provided by the state, both HHS and the State of Tennessee have a fiduciary duty to taxpayers to remain vigilant in their struggle to control improper payments. The efforts to control fraud in the TennCare program provide an example from which other States and the federal government can learn important lessons.

Today we will hear from the U.S. General Accounting Office and the U.S. Department of Health and Human Services on federal efforts to identify and reduce improper payments. In addition, we are pleased to have witnesses from the TennCare program, the Tennessee Bureau of Investigation, and the Upper Cumberland Area Agency of Aging to discuss specific aspects of the TennCare program and efforts to reduce waste, fraud and mismanagement.