

United States Senate

WASHINGTON, D.C.

June 19, 2013

Marilyn Tavenner
Administrator, Centers for Medicare and Medicaid Services
U.S. Dept. of Health and Human Services
200 Independence Avenue, SW
Washington DC 20201

Dear Administrator Tavenner,

In recent months, the Administration has continued to suggest that the Patient Protection and Affordable Care Act contains a range of various payment changes and pilot programs that will modernize our delivery system in a manner that will lower costs and increase quality in our health care system. Such an aim is an admirable goal. However, as the recent Medicare Trustees' report pointed out, while such outcomes are "highly desirable," they are "far from certain" and it is "much more reasonable to expect that provider costs per service will continue to increase in the long range."¹

Moreover, we continue to have concerns with the Center for Medicare and Medicaid Innovation (Innovation Center). As you know, the Innovation Center was created under the Patient Protection and Affordable Care Act, funded with \$10 billion in tax payer dollars, and designed to "test innovative payment and service delivery models to reduce program expenditures under Medicare, Medicaid, and the State Children's Health Insurance Program. However, last fall the Government Accountability Office released a report citing "three key examples of overlap between the 17 Innovation Center models and the efforts of other CMS offices."² According to the report, the Innovation Center should "expeditiously complete its process to review and eliminate any areas of unnecessary duplication in contracts that have been awarded in one of its models."³

In the report, CMS said it agreed with the recommendation and described some steps it was taking to address unnecessary duplication. Therefore, in the spirit of a progress report on how the agency is stewarding taxpayer dollars, please provide our offices with information on the following issues:

¹ <http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/Downloads/2013TRAlternativeScenario.pdf>

² <http://www.gao.gov/products/GAO-13-12>

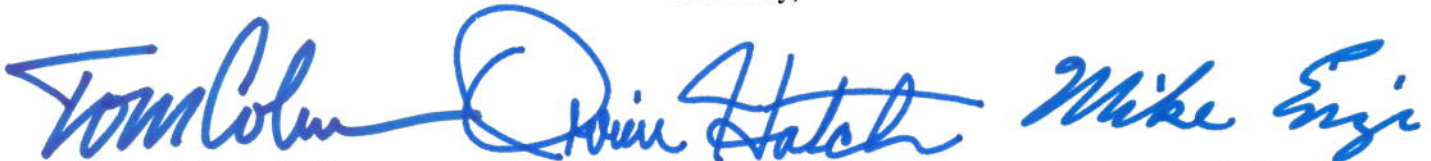
³ <http://www.gao.gov/products/GAO-13-12>

1. Based on the GAO report, what specific steps has CMS taken to ensure the Innovation Center does not overlap with, or wastefully duplicate, other functions of CMS? What steps are still underway and what is the specific timeframe for the efforts to be completed?
2. What is the work plan for institutionalizing these steps into future Innovation Center operations, to ensure that efforts to reduce duplication are not merely dependent on informal, anecdotal, or unofficial efforts between various offices within CMS?
3. The Innovation Center has acknowledged that millions of dollars are being spent on grant awards for projects which are not guaranteed to yield savings for taxpayers. In describing some awards, the Innovation Center on its website said:
“Descriptions and project data (e.g. gross savings estimates, population served, etc.) are 3 year estimates provided by each organization and are based on budget submissions required by the Health Care Innovation Awards application process. While all projects are expected to produce cost savings beyond the 3 year grant award, some may not achieve net cost savings until after the initial 3-year period due to start-up-costs, change in care patterns and intervention effect on health status.”⁴

Though the Innovation Center is not required by law for projects to be budget neutral, what steps is the Center taking to ensure that funded initiatives are not wasting taxpayer dollars?

Thank you for your attention to this matter, and we look forward to hearing from you soon.

Sincerely,



Tom Coburn, M.D.
U.S. Senator

Orrin G. Hatch
U.S. Senator

Michael B. Enzi
U.S. Senator

⁴ http://www.coburn.senate.gov/public/index.cfm/rightnow?ContentRecord_id=5fce2608-8154-4d4e-b168-eb1d9122337d