

United States Senate

WASHINGTON, DC 20510-2309

October 22, 2009

The Honorable Tom Harkin, Chairman
The Honorable Max Baucus, Chairman
The Honorable Senator Christopher Dodd
United States Senate
Washington, DC 20510

Dear Chairman Harkin, Chairman Baucus, and Senator Dodd

Thank you for your leadership to reform our nation's health care system. Health reform will provide a historic and unprecedented investment in our nation's health and I strongly support these efforts. However, it is imperative that as we expand health insurance coverage, we also implement strategies to improve efficiency and eliminate waste in our health care system. Health care comprises more than 16 percent of our gross domestic product and health care is a \$35 billion annual enterprise in Minnesota alone. There are two issues that I believe will save money for the federal government, and for American families: reducing unnecessary administrative costs and eliminating fraud in health care.

Administrative Simplification

Because of the complexity of health care in this country, there are billions of administrative transactions between health care providers, payers, intermediaries, and vendors. Right now, these systems are not standardized, resulting in an unnecessary and costly burden on providers and patients. Physicians report spending at least three hours weekly interacting with plans; nursing and clerical staff spend much larger amounts of time. When time is converted to dollars, clinical practices nationwide spend at least \$23 billion to \$31 billion each year on unwieldy interactions with health insurance companies.

I'm proud that Minnesota has been a leader in simplifying administrative processes in health care. In 2007, the state legislature passed a law requiring all health care providers and payers to exchange health care administrative transactions electronically and using a single, standardized format. This legislation is estimated to save the state's health care system more than \$60 million per year. While I support the administrative simplification provisions in the Finance and HELP legislation, I am concerned that unless there is a single set of operating rules for health information transactions, we will not achieve the level of administrative simplification necessary to yield maximum savings. Furthermore, I believe that we should pursue a realistic but accelerated timeline for implementing these provisions.

Health Care Fraud

The prevalence of fraud in health care is another issue of grave concern to me. The FBI estimates that health care fraud may be as high as 10 percent of all health care expenditures, robbing the nation of over \$220 billion annually. This fraud undermines the integrity of the health care system, drains scarce resources and forces up premiums. There have been commendable efforts to address fraud in the Medicare and Medicaid programs. However, as we prepare to invest billions of taxpayer dollars in health reform, we must provide the resources and authority necessary to identify and prosecute fraud in private health insurance, as well.

Health reform will be incomplete without meaningful steps to attack fraud in health care, and I commend the Senate Finance Committee and the HELP Committee for their attention to this issue. However, I am concerned that anti-fraud resources are uncoordinated and scattered throughout the public and private sectors. Criminals do not distinguish between private and public insurance, and it is far more efficient to coordinate anti-fraud efforts than to pursue separate initiatives. We need inter-agency collaboration including the Departments of Justice and Health and Human Services to exchange expertise and best practices related to the analysis, detection, and prevention of fraud, waste, and abuse in health care.

Thank you again for your historic efforts to move health reform legislation and improve the lives of millions of Americans. I appreciate your attention to the issues of administrative simplification and anti-fraud efforts, and look forward to collaborating with you to ensure the final Senate bill includes strong provisions in these areas.

Sincerely,

A handwritten signature in black ink, appearing to read "Al Franken", with a long horizontal flourish extending to the right.

Al Franken
United States Senator