

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

October 29, 2010

Via Electronic Transmission

Donald W. Berwick, MD
Administrator
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Administrator Berwick:

The United States Senate Committee on Finance (Committee) has jurisdiction over, among other things, the Medicare and Medicaid programs. As Ranking Member of the Committee, I have a responsibility to conduct oversight to make certain that appropriate steps are being taken to protect Medicare and Medicaid dollars from fraud, waste, and abuse. The Health Insurance Portability and Accountability Act of 1996 authorized the Centers for Medicare and Medicaid Services (CMS/Agency) to contract with private organizations to conduct program integrity activities. These Zone Program Integrity Contractors (ZPICs) and Program Safeguard Contractors (PSCs) are tasked with providing Medicare benefit integrity functions for CMS, such as conducting fraud investigations, referring suspected fraud to law enforcement, and performing data analysis to identify trends and billing patterns that indicate fraudulent billing.

I write today with another issue related to CMS's contractors that I find troublesome. In January 2010, the Government Accountability Office (GAO) upheld C2C Solutions, Inc.'s (C2C) protest of CMS's ZPIC contract award to AdvanceMed on the grounds that CMS "unreasonably concluded that AdvanceMed proposed an adequate strategy to mitigate its 'impaired objectivity' organizational conflicts of interest (OCI)." Specifically, GAO's memorandum states, "it is undisputed that AdvanceMed's proposal presents the potential for an impaired objectivity conflict of interest where AdvanceMed, as a ZPIC contractor, could be placed in the position of evaluating its parent corporation, CSC [Computer Sciences Corporation], in connection with CSC's Medicare Part D work." Furthermore, according to information in the public database Federal Procurement Data System-Next Generation (FPDS-NG), CSC performs a wide range of services (General Health Care Services, Medical & Surgical Instruments, Equipment & Supplies and various ADP services) for CMS, in addition to being identified as a PSC in the table below.

I am concerned that there are other similar cases at CMS involving potential contractor conflicts of interest. I have been advised that some of the PSCs/ZPICs listed in the table below are also subsidiaries of parent companies that have contracts with CMS. For example, Cahaba Safeguard Administrators, LLC, a PSC, is listed as a subsidiary of Blue Cross & Blue Shield of Alabama (BC&BS of AL), Birmingham, AL. BC&BS of AL, a Medicare Administrative Contractor (MAC), can be found in the CMS Intermediary & Carrier Directory, conducting business under the name of Cahaba Government Benefit Administrators LLC's (Cahaba GBA). MACs are tasked with receiving, adjudicating, processing and paying claims submitted by providers and suppliers to the Medicare program. According to the Cahaba GBA website, Cahaba GBA is an affiliate of BC&BS of AL.

In addition, according to the Dun & Bradstreet website, the postal address is the same for two other CMS contractors, TrustSolutions, LLC, a PSC, and United Government Services, LLC (a company listed in the CMS Intermediary & Carrier Directory): 6775 W. Washington Street, Milwaukee, WI 53214-5644. The website also shows that both of these companies are subsidiaries of Government Health Services, LLC, Indianapolis, IN.

It is not clear whether or not these subsidiaries are placed in a position of evaluating their parent companies or affiliates and vice versa. However, the potential financial conflicts of interest created by the organizational relationships between certain CMS contractors raise questions about whether or not some ZPICS and PSCs can effectively carry out their contractual responsibilities, especially with respect to their parent companies or affiliates, for the benefit of the U.S. taxpayer. Therefore, I am requesting that CMS provide answers and information addressing the following questions:

- 1) Identify any and all steps CMS has taken to ensure that all potential financial conflicts between the PSCs/ZPICS and other companies doing business with CMS were and can be identified, both in CMS's Pre-Award administrative processes and Post Award contract administration for situations where one CMS contractor is acquired by another during the pendency of their contract performance period. Provide a copy of any and all written policies pertaining to how CMS identifies, monitors and manages potential conflicts of interest between PSCs/ZPICs and other CMS contractors.
- 2) Please provide copies of any pre or post award waivers or other documentation generated by CMS identifying any financial conflicts, all companies involved, and CMS's determination for allowing the PSC/ZPIC contract award. Please segregate this documentation by specific PSC or ZPIC when responding.

	2008	2009	2010
AdvanceMed Corporation	PSC	PSC ZPIC	PSC ZPIC
Cahaba Safeguard Administrators, LLC	PSC	PSC	PSC
Computer Sciences Corporation	PSC	PSC	PSC
Health Integrity, LLC		ZPIC	ZPIC
IntegriGuard, LLC	PSC	PSC	PSC
SafeGuard Services, LLC	PSC	PSC ZPIC	PSC ZPIC
TriCenturion Inc.	PSC	PSC	PSC
TrustSolutions, LLC	PSC	PSC	PSC

Thank you for your immediate attention to this important matter. I would appreciate your response by no later than November 19, 2010. Should you have any questions regarding this letter, please contact Angela Choy or John DeDona at (202) 224-4515. All formal correspondence should be sent electronically in PDF format to Brian_Downey@finance-rep.senate.gov or via facsimile to (202) 228-2131.

Sincerely,

Charles E. Grassley
Ranking Member