

Senator
John Marty

January 26, 2012

Cynthia Mann
Director of the Center for Medicaid and State Operations
Department of Health and Human Services
Centers for Medicare & Medicaid Services
7500 Security Blvd
Mail Stop S2-01-16
Baltimore, Maryland 21244-1850

Dear Ms. Mann:

I am writing to inquire what it would take to get CMS to take interest in investigating the enormous waste that I wrote you about last May, and again in June, and again last September. When we are talking about *billions* of dollars in federal and state funds and some potential fraud, one would hope to see CMS *immediately* step in to investigate the situation and audit the programs, yet I cannot even get a return call from your office. I remain ready to discuss the matter when you are ready to investigate.

Health insurance company profits continue to grow even in the struggling economy, and business analysts explain those enormous profits by pointing to the money they are making from “managing” Medicaid and other public programs. As I pointed out in my letter to you last May:

Despite the fact that the Medicaid population is low income and higher risk than the commercial insurance population, the HMOs have been making over four times as much in profits (technically “earnings,” since Minnesota law requires them to be non-profit) on the state business than they are on their commercial business in recent years.

That conclusion about the profitability comes from the small amount of information that we are able to access. Most of the information about the use of the money in these public programs is considered proprietary data by the health plans, and there is no transparency that would allow anyone to follow what is happening with this public money.

Although I do not know whether other states operate their Medicaid programs in a similar manner, in Minnesota there has never been a true, independent audit of the program in



the decades since the state began contracting with health plans, even though this now consumes over \$6 billion per year in state and federal funds.

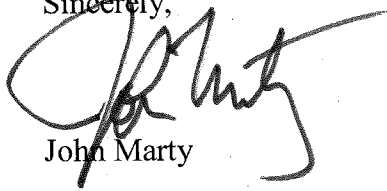
Perhaps you have investigated the matter thoroughly, or conducted a secret audit of the Minnesota program and the state contracts with the HMOs.

If so, and if you have concluded that I am wrong about Minnesota's Medicaid funds being mismanaged, or that I overstated the scope of that mismanagement, please give me the courtesy of knowing which statements in my letter were inaccurate or overstated.

If you have not investigated the matter, I encourage you to do so promptly. Many low income Minnesotans are not receiving the care they need, and the public deserves to know that their taxes are being wisely spent.

Please let me know if I can be of any assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "John Marty", written over the typed name.

John Marty

cc: B. Todd Jones, U.S. Attorney
Commissioner Lucinda Jesson, MN Dept of Human Services
David Godfrey, Minnesota State Medicaid Director

enclosure