



PHARMACEUTICAL CARE MANAGEMENT ASSOCIATION

Howard McLure, Chair
President
Caremark Pharmacy Services
CVS Caremark

Mark Merritt
President & CEO

June 13, 2008

The Honorable Charles Rangel
Chairman
Committee on Ways & Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Jim McCrery
Ranking Member
Committee on Ways & Means
US House of Representatives
1102 Longworth House Office Bldg
Washington, DC 20515

The Honorable John D. Dingell
Chairman
Committee on Energy & Commerce
United States House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Joe Barton
Ranking Member
Committee on Energy & Commerce
US House of Representatives
2125 Rayburn House Office Bldg
Washington, DC 20515

The Honorable Max Baucus
Chairman
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

The Honorable Charles Grassley
Ranking Member
Senate Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairmen Rangel, Dingell & Baucus and Ranking Members McCrery, Barton & Grassley:

Today's *Washington Post* article on the enormous problem of fraud, waste, and abuse in Medicare (*Medical Fraud a Growing Problem, Washington Post, June 13*) should raise serious questions about so-called "prompt pay" legislation which would force Medicare Part D prescription drug plans (PDPs) to pay drugstores twice as fast as all other Medicare providers. In conjunction with the Congressional Budget Office's (CBO) recent conclusion that "prompt pay" would increase Medicare costs by \$700 million, today's article provides a reminder to also consider the proposal's potential to undermine the integrity of the Medicare program.

The *Post* reports that "time pressures" already contribute to the difficulty of fighting fraud in Medicare, which currently requires providers to be paid in 30 days. In this light, it makes little sense to mandate *even faster* payments for Medicare providers, in this case drugstores. This could undermine fraud prevention efforts in Part D and set a precedent for all other Medicare providers to demand their own expedited payments, a move that would thwart anti-fraud efforts across the entire program.

The eye-opening *Post* article quotes the Inspector General of the Department of Health and Human Services (HHS) as confirming that the Medicare program is “highly vulnerable” to fraud, which already costs taxpayers \$60 billion each year. It notes that anti-fraud efforts are hobbled by “time pressure and limited resources.” One HHS anti-fraud initiative is called “Operation Whack-a-Mole,” apparently in light of the difficulties that authorities face in trying to systematically confront this problem.

We trust you will take this into account as you decide how to proceed on the important issue of “prompt pay.”

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Merritt', with a stylized flourish at the end.

Mark Merritt
PCMA President & CEO