

ONE HUNDRED TWELFTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
2125 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6115

Majority (202) 225-2927
Minority (202) 225-3641

April 21, 2011

Mr. Steve Larsen
Director and Administrator
The Center for Consumer Information and Insurance Oversight
Centers for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Mr. Larsen:

Thank you for testifying on April 1, 2011, before the Subcommittee on Oversight and Investigations. We appreciate your time, and we look forward to your next appearance before the Subcommittee. We are writing to you today to discuss the disclosure of information to the Committee on Energy and Commerce on a continuing basis.

During your appearance before the Subcommittee we made clear our interest in both the temporary high risk pools and the Early Retiree Reinsurance Program (ERRP) created by the Patient Protection and Affordable Care Act (PPACA). Both programs have had substantial problems since their inception. The high risk pools were, according to the Chief Actuary of Medicare and Medicaid, intended to enroll 375,000 individuals in 2010. According to your testimony, only approximately 12,000 individuals are enrolled in the program. The lack of enrollment in that program is troubling. Indeed, the Administration often cited the widespread need for high risk pools in an effort to convince a skeptical public that the PPACA was necessary. Yet, even after your appearance before the Subcommittee, Members remain concerned both that the statutory design of the pools was structurally flawed and that they have been implemented in an ineffective manner.

Unlike the high risk pools, demand for the resources of the ERRP has been intense. We are deeply troubled that this program has apparently served as a vehicle to simply hand out taxpayer funds to various corporations and unions that lined up at the trough. It does not appear that HHS instituted any meaningful controls on this program, leading to an incredible waste of taxpayer money. During your testimony, we expressed our deep concerns that large companies and unions obtained hundreds of millions of dollars from the ERRP with no demonstration of need. Given the severe financial challenges facing the nation, we do not believe this is an

appropriate use of taxpayer dollars. Amazingly, CMS seems to be pleasantly surprised that there was an overwhelming demand for free taxpayer money by unions and rich corporations. Unsurprisingly, the ERRP will shut down long before the legislated sunset date of January 1, 2014, because it will have exhausted its \$5 billion in funding long before that date.

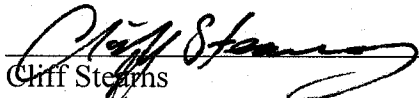
In light of these developments, we request that your office provide continuing information to the Subcommittee about both of these programs. Please provide the following information on a biweekly basis:

- Enrollment and expenditures in the high risk pools. Please provide Committee staff with enrollment numbers for each state running their own high risk pools and the enrollment in the federal high risk pool. Provide updated information about the amount of funding utilized by each state and the federal program, and whether this represents a deviation from the spending patterns as originally estimated.
- Expenditures in the ERRP. Please provide an updated list of expenditures for the ERRP that includes the total amount given to each plan sponsor and the total amount spent by the ERRP.

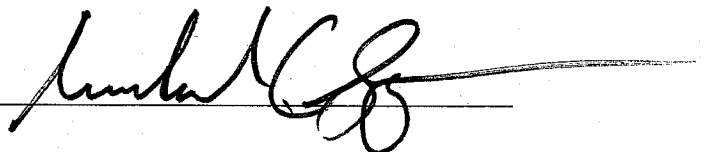
The Committee is also interested in learning why your office has not imposed some basic administrative requirements on the ERRP that would prevent the wholesale waste of billions of dollars of taxpayer funds. Specifically, why has your office not required any finding that the sponsor will not have sufficient funding to provide health care coverage for early retirees without ERRP funding? This simple requirement would have blocked your office from doling out \$5 billion of taxpayer money to entities that did not need it—wealthy corporations, liberal media companies and unions with deep pockets. If you do not believe your office has the authority to award grants based on the need of the recipient and their ability to continue to provide health benefits to the targeted population, please cite the section of the PPACA that you believe prohibits this.

We appreciate your cooperation in this matter. Provide answers to these inquiries within two weeks of the date of this letter. Please contact Sean Hayes of the Majority Committee staff at (202) 225-2927 to discuss how to best produce this information.

Sincerely,



Cliff Stearns
Chairman
Subcommittee on Oversight
and Investigations



Brian P. Bittman

Joe Barton

~~Howard Baker~~

By Bob

see my desk

John E.

P. Maga

Steve Scalise

Joe King

Bill Kingrey

cc: The Honorable Fred Upton, Chairman

The Honorable Henry A. Waxman, Ranking Member

The Honorable Diana DeGette, Ranking Member
Subcommittee on Oversight and Investigations