



FOR IMMEDIATE RELEASE
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**FINANCE COMMITTEE SEEKS DOJ EXPLANATION
OF NO-BID CONTRACTS FOR MEDICARE SETTLEMENTS**

Baucus to Mukasey: Current Process Not in Best Interest of American People

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today requested details on a Department of Justice investigation of the process used by federal prosecutors to award government contracts for oversight of out-of-court settlements involving claims of fraud against a government program. Chairman Baucus’s demand for transparency comes on the heels of recent news reports of a no-bid contract valued between \$28 million and \$52 million, awarded to former U.S. Attorney General John Ashcroft to monitor a settlement stemming from violations of Medicare law.

“Government contracts should be awarded through normal federal procedures, and not behind closed doors,” said Baucus. **“We need assurance that everyday Americans, like the more than 80 million beneficiaries of Medicare and Medicaid, are the ones who gain from these out-of-court settlements.”**

Chairman Baucus called on the Department of Justice to brief Finance Committee staff no later than February 8, 2008.

The text of the letter follows here:

January 22, 2008

Via Electronic Transmission

The Honorable Michael B. Mukasey
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530-0001

Dear Attorney General Mukasey:

The Committee on Finance (the Committee) has exclusive jurisdiction over the Medicare and Medicaid programs. Accordingly, the Committee has a responsibility to the more than 80 million Americans who receive health care under these programs to ensure that they will receive the highest quality of care, from safe and trusted providers.

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As Chairman of the Committee, I take that responsibility very seriously and conduct oversight into the activities of the Centers for Medicare and Medicaid Services (CMS), to ensure that program dollars are available to provide the best care available to beneficiaries. I am particularly concerned about recent stories describing the no-bid contract awarded by the United States Attorney for New Jersey, Christopher Christie, to his previous boss, former Attorney General John Ashcroft to monitor Zimmer Holdings. This contract will be used to monitor the largest portion of the \$311 million settlement for violations of Medicare fraud statutes, ending a two-year federal probe into allegations that the firms paid surgeons millions of dollars to use and promote their knee and hip replacements products.

I am especially concerned that this contract is one of many currently in place that the Department of Justice (DOJ) has awarded in virtual secrecy to monitor this and other settlements. Given the substantial increase in the use of out-of-court settlements, such as this deferred-prosecution settlement with Zimmer Holdings, it is troubling to me that there is no requirement for approval or oversight of such contracts by DOJ. According to stories in *The New York Times*, *The Washington Post*, and *The New Jersey Star-Ledger*, at least three former DOJ colleagues of Mr. Christie's have also received similar no-bid contracts. Favoritism and secrecy are never in the best interests of the American people.

While it is clearly possible that all of these contracts may have been awarded to the best possible individuals or firms, we do not and cannot know that for sure. These contracts and others like them should not be hidden in the dark. These monitoring contracts are used by DOJ in-lieu of substantial settlements and further court actions. The money spent on paying such monitors clearly affects the cost of doing business by the companies and so, affects the costs charged to Medicare and Medicaid.

I understand from news accounts that DOJ is finally conducting an investigation of such monitoring contracts and will specifically examine how federal prosecutors, such as Mr. Christie, appoint independent monitors. I would like a full explanation of the scope and findings of your investigation. I would especially like you to address the costs and potential benefits to the Medicare and Medicaid programs and their beneficiaries. Finally, I would like to know what you intend to do to ensure that future monitoring contracts for such settlements are not tainted by accusations of favoritism and secrecy.

Thank you in advance for your prompt response. I would appreciate a briefing for my Finance Committee staff on this matter no later than February 8, 2008. Please contact [my staff] to schedule the briefing and to raise any questions.

Sincerely,

Max Baucus
Chairman

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