



National Association of State Auditors, Comptrollers and Treasurers

WASHINGTON UPDATE

444 N. Capitol Street NW, Suite 234 ♦ Washington, DC 20001 March 4, 2013

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Federal Government Prepares to Implement Sequestration

Failure to reach an agreement to avoid across the board cuts as required by the Budget Control Act of 2011 resulted in a Presidential [order](#) Friday canceling \$85 billion in budgetary resources across the Federal Government for the remainder of Fiscal Year (FY) 2013.

OMB has issued a [report to Congress](#) detailing the cuts which include a 7.8 percent reduction in non-exempt defense discretionary funding and a 5.0 percent reduction in non-exempt nondefense discretionary funding. Additionally, reductions of 2.0 percent to Medicare, 5.1 percent to other non-exempt nondefense mandatory programs, and 7.9 percent to non-exempt defense mandatory programs are ordered.

Additionally, OMB Controller Danny Werfel [issued a memorandum](#) to agencies detailing agency responsibilities for implementing sequestration.

Medicaid Fraud Hearing Revolves Around GAO Report

Several weeks ago, the U.S. Government Accountability Office released a list of high-risk programs in the federal government. Last week, the House Energy and Commerce Committee took its first in-depth look into GAO's list, focusing on the Medicare and Medicaid section. The hearing, entitled "Fostering Innovation to Fight Waste, Fraud, and Abuse in Health Care," featured Peter Budetti, deputy administrator and director for the Center for Program Integrity and the Centers for Medicare and Medicaid Services (CMS), and Kathleen King and Carolyn Yocom, directors in the Health Care Division at GAO.

The committee focused on several state-specific issues, especially where program oversight has been insufficient:

- **Improper payments to Medicaid providers serving program beneficiaries.** Improper payments to providers who submit

inappropriate claims can result in substantial financial losses to states and the federal government. In its 2012 financial report, HHS estimated—on the basis of individual state error rates from a sample of 17 states reviewed on an annual rotating basis—a national improper payment rate for Medicaid of 7.1 percent

- **Financing methods that are inappropriate, and large supplemental payments that are not always transparent.** Some states have established varied financing arrangements involving Medicaid supplemental payments that inappropriately increase federal Medicaid matching payments.

Hearing video and panel testimony can be found at <http://energycommerce.house.gov/hearing/fostering-innovation-fight-waste-fraud-and-abuse-health-care#video>.

New Treasury Secretary Approved

The Senate last week confirmed Jack Lew as President Barack Obama's new Treasury secretary, on a 71-26 vote. Lew was Obama's chief of staff before the president named him to succeed Timothy Geithner at the Treasury, and was previously White House budget director under Obama and former President Bill Clinton.

2013 Washington Office Survey Is Underway!

It's that time of the year again: the NASACT Washington Office wants your feedback on important issues that face us in 2013. Below is a link to a short survey that we would like you to complete to help us prioritize efforts for the coming year.

Please fill out the survey by **Friday, March 15th**. Your responses are extremely important to us, and the data will not be used or shared with any outside parties.

Please take a moment to fill out the [2013 NASACT Washington Office Survey](#). Thank you for your time!

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The Week Ahead: Taxes, Watchdogs and Health Care

With the Congressional schedule in full swing throughout March, several hearings have been scheduled for this week that may be relevant for NASACT members:

On Tuesday, the Senate Budget Committee will kick off the week with a hearing on “Reducing the Deficit by Eliminating Wasteful Spending in the Tax Code.” The hearing will examine both the individual and corporate tax code. Witnesses include Edward Kleinbard, professor of law at the University of Southern California Gould School of Law, and Jared Bernstein, senior fellow at the Center for Budget and Policy Priorities.

The hearing details can be seen at http://budget.senate.gov/democratic/index.cfm/committeehearings?ContentRecord_id=a5e2d4ab-7ced-43b0-aff4-95daa1b45822&ContentType_id=14f995b9-dfa5-407a-9d35-56cc7152a7ed&Group_id=d68d31c2-2e75-49fb-a03a-be915cb4550b&MonthDisplay=3&YearDisplay=2013.

In the House on Tuesday, the House Oversight and Government Reform Committee will look at “Reducing Waste and Mismanagement: Implementing Agency Watchdogs’ Recommendations Could Save Taxpayer Billions.” No witnesses have been announced at this time. Details will be found at <http://oversight.house.gov/hearing/reducing-waste-and-mismanagement-implementing-agency-watchdogs-recommendations-could-save-taxpayer-billions-2/>.

Also in the House on Tuesday, the Ways and Means Oversight Subcommittee will hold a hearing on the tax provisions contained in the Patient Protection and Affordable Care Act. The subcommittee will look at the status of implementation of key tax provisions, compliance issues associated with the tax provisions

and accompanying regulations, and the economic effects of the provisions. The hearing details are at <http://waysandmeans.house.gov/calendar/eventsingle.aspx?EventID=321280>.