

Congress of the United States

Washington, D.C. 20515

September 28, 2012

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C., 20201

Dear Secretary Sebelius:

As our government faces sequestration with the potential for \$1.2 trillion indiscriminately cut from the Federal budget, unlimited money is flowing from your agency to establish American Health Benefit Exchanges with little or no restrictions and accountability. To date, the Department of Health and Human Services (HHS) has awarded more than \$1 billion to 33 States for exchange planning and establishment. As Chairman of the Energy and Commerce Committee and Ranking Member of the Senate Judiciary Committee, we have a responsibility to ensure that American taxpayer dollars are being appropriately spent.

Section 1311(a) of the Patient Protection and Affordable Care Act (PPACA) makes grants available to States in amounts to be specified by the Secretary of HHS for activities related to establishing an Exchange and to facilitate the purchase of qualified health plans. PPACA is virtually silent on how the funds are to be used and grants HHS unrestricted access to taxpayer dollars to fund these grants. Furthermore, HHS has failed to provide substantive guidance to States on how the money is to be used. Unsurprisingly given these facts, news reports have shown how States have engaged in questionable contracts with taxpayer dollars.

For example, the State of California hired Ogilvy Public Relations Worldwide for \$900,000 to “tap major network TV shows like “Grey’s Anatomy” and “Modern Family” to sell Americans on the health care law.”¹ California health exchange Executive Director, Peter V. Lee, says he would “like to see 10 of the major TV shows, or telenovelas, have people talking about ‘that health insurance thing.’”² Americans’ hard-earned money should not be taken by government to subsidize Hollywood and insert propaganda into the popular culture. It should be going toward ensuring that the cost of health care is being lowered for all Americans.

¹ http://www.nytimes.com/2012/09/15/health/policy/california-tries-to-lead-way-on-health-law.html?pagewanted=all&_moc.semityn.www

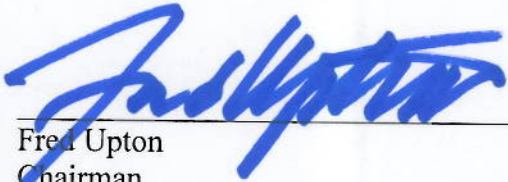
² <http://www.thenewamerican.com/usnews/health-care/item/12867-taxpayers-to-fund-hollywood-obamacare-propaganda>

To our knowledge, HHS has conducted little substantive oversight over the multimillion dollar grants awarded by the department. To gain a better understanding of the nature, scope and the integrity of activities funded by PPACA's 1311(a) grants, please provide answers to the following questions in writing by October 5, 2012:

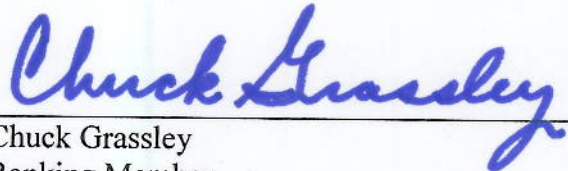
1. Is HHS tracking how States are using these 1311 grants?
 - a. If so, please provide a list of all contracts States have signed using these grant dollars and what the scope of work is for each contract.
 - b. If not, why not?
2. How is HHS measuring the effectiveness of these grants?
3. Does HHS anticipate providing guidance to States regarding the use of these grant dollars to prevent waste and abuse in a program with an unlimited tap into the Treasury?

Ensuring proper use of American taxpayer dollars is of the utmost importance, and we trust that you share our concerns. If you have any questions regarding this request, please contact Erika Smith with the Senate Judiciary Committee at (202) 224-5225 or Paul Edattel with the Energy and Commerce Committee at (202) 225-2927.

Sincerely,



Fred Upton
Chairman
House Committee on Energy and Commerce



Chuck Grassley
Ranking Member
Senate Committee on the Judiciary

cc: The Honorable Henry A. Waxman, Ranking Member
House Committee on Energy and Commerce

The Honorable Patrick J. Leahy, Chairman
Senate Committee on the Judiciary