

DECEMBER 11, 2003

**SCHAKOWSKY: BUSH ADMINISTRATION'S MISSTATEMENT OF THE DAY -
INTEGRITY**

WASHINGTON, D.C. - U.S. Representative Jan Schakowsky (D-IL) issued today's "Bush Administration's Misstatement of the Day" on integrity.

□ During the 2000 Presidential campaign, then Governor George W. Bush said:

"Our first priority will be to restore honor and dignity to the White House."
However, according to published reports, President Bush's top official in charge of Medicare, Tom Scully, was issued a waiver to pursue employment in the health care industry while he continued to serve as the Administrator of the Centers for Medicare and Medicaid Services.□□ This waiver was issued while Congress was working on a major overhaul of Medicare.

Schakowsky and U.S. Representative Pete Stark today, wrote in a letter to Secretary of Health and Human Services Tommy G. Thompson, *"For seven months, Members of Congress who relied on Mr. Scully for information were kept in the dark about the fact that he was actively engaged in looking for employment with firms that have significant interests in the issues at stake.□ Financial conflicts of interest rules are designed to assure Members of Congress, entities with interests pending before CMS, and the public that federal executive branch employees are independent and unbiased in their behavior. While we strongly believe that this waiver should never have been granted, at a bare minimum knowledge of it would have been valuable to us in weighing the advice provided by Mr. Scully."*

Below is the full letter to Secretary Thompson:

**CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515**

The Honorable Tommy G. Thompson

Secretary
Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

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Dear Secretary Thompson:

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Like many others, we were concerned to learn that CMS Administrator Tom Scully had received a waiver from the Ethics Office of the Department of Health and Human Services to pursue employment in the health care industry while he continued to serve as the Administrator of the Centers for Medicare and Medicaid Services. The timing of the waiver is of particular concern because it was granted during a time when Mr. Scully was intimately involved in the negotiation and drafting of the broadest overhaul of Medicare since the program's inception.

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We recently received a copy of the waiver granted to Mr. Scully (attached) and are absolutely shocked that it could pass muster.

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First is the issue of timing.□ This waiver was granted on May 12, 2003.□ That means Mr. Scully has clearly been talking to prospective employers in the health field since before the House or Senate passed their independent versions of Medicare legislation and has carried his negotiations through the entire legislative process, including the bill signing ceremony.□□

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More disturbing is the construction of the waiver.□ The idea that the only real conflict with a prospective employer would be one which would have "a special or distinct effect on the firms with which he is negotiating for employment" is frankly absurd.□□

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As CMS Administrator, Mr. Scully has direct influence over regulations issued by CMS, policies enforced by the agency, and legislative pursuits by the agency as well.□ These actions typically do not have a "special" effect on a law firm representing a wide array of health care clients.□ Its effect on those clients might be very direct, but it affects clients at a myriad of other law firms as well.□ Therefore, this waiver granted him essentially free rein to negotiate with firms with whom his decisions as CMS Administrator directly (and substantially) impacted.

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We think the real reason for this waiver is stated in the text of the waiver itself:□ "It is

