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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

CHRIS CAMPBELL, STAFF DIRECTOR  
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November 10, 2015

## VIA ELECTRONIC TRANSMISSION

The Honorable Andrew M. Slavitt  
Acting Administrator  
Centers for Medicare & Medicaid Services  
200 Independence Ave, S.W.  
Washington, D.C. 20201

Dear Mr. Slavitt,

The Senate Finance Committee is charged with overseeing the administration of federal healthcare programs. I write today to express my concerns about the lack of transparency of agency advertising practices and the potential for wasteful government spending.

Recent media reports have highlighted the lack of transparency surrounding government expenditures on advertising and public relations. Agency spending on advertising has been characterized as a “black box” since it is difficult to track and monitor agency spending on advertising. This is in part due to the lack of a standardized definition of what specifically constitutes “advertising,” as well as a lack of a central reporting authority.

A 2014 CRS report estimated that in FY2013, the federal government spent nearly \$900 million dollars on advertising, and another \$90 million on public relations.<sup>1</sup> Furthermore, this \$1 billion is likely an underestimation of the true amount of government advertising spending, as it only reflects federal contracts for advertising services and does not incorporate in-house expenses. It is surprising that nearly \$1 billion is being spent on advertising yet there is little understanding of the exact amount of money being spent, how the money is being spent and why the money is being spent.

In this era of fiscal constraint, it is imperative that agencies make smart budgetary decisions and use taxpayer funds wisely. Increased transparency on government spending on

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<sup>1</sup> Congressional Research Service, “Advertising by the Federal Government: An Overview,” Kevin Kosar (June 23 2014).

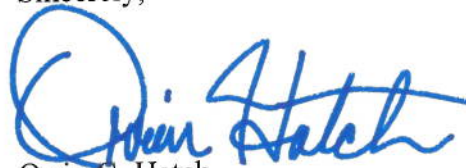
advertising will improve accountability and help ensure that the taxes from hardworking Americans are not squandered and wasted on ineffective or misguided government programs.

In order to better understand your agency's advertising policies and practices please answer the following questions no later than November 25, 2015:

1. Please provide the total amount of spending on advertising and public relations by your agency from FY 2011 to the present. Please further break down this spending between outside contracts and in-house spending.
2. How does your agency define "advertising"? What activities and expenditures fall under your definition?
3. Please explain your agency's decision process to engage in advertising. How does your agency determine the objectives of an advertising campaign or activity? How does your agency fund advertising activities? Who approves advertising projects? Please provide a copy of all written agency policies that help govern advertising decisions.
4. How does your agency monitor and manage advertising activities and what follow-up is conducted to evaluate that the advertising accomplished its intended objectives? How does your agency hold decision makers accountable?
5. Who in your agency oversees all advertising decisions and is responsible for ensuring that advertising spending is appropriate, legal, and effective? Please explain their role in the agency decision-making process.
6. Please provide a list of all agency advertising, public relations and media relations, related expenditures from FY 2011 to the present. Furthermore, for FY 2014 to the present please provide an explanation as to why each advertising decisions was made and the source of the funds.

If you have any questions about this letter, please contact Kim Brandt of my staff at (202) 224-4515. Thank you for your cooperation and timely response, and I look forward to working with you to improve transparency and accountability on this important matter.

Sincerely,



Orrin G. Hatch  
Chairman  
Committee on Finance