



January 26, 2018

**VIA ELECTRONIC MAIL**

Hugh Gilmore  
Freedom of Information Officer  
Centers for Medicare & Medicaid Services  
North Building, Room N2-20-06  
7500 Security Boulevard  
Baltimore, MD 21244  
[FOIA\\_Request@cms.hhs.gov](mailto:FOIA_Request@cms.hhs.gov)

**Re: Freedom of Information Act Request**

Dear Mr. Gilmore:

Pursuant to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and Department of Health and Human Services (HHS) implementing regulations, 45 C.F.R. Part 5, American Oversight makes the following request for records.

Before being nominated to lead the Centers for Medicare and Medicaid Services (CMS), Seema Verma headed a healthcare consulting firm known as SVC, Inc., which helped craft Medicaid expansion plans in numerous states, including Indiana, Iowa, and Kentucky.<sup>1</sup> Since then, Ms. Verma sold SVC to Health Management Associates (HMA); SVC is now known as HMA Medicaid Market Solutions (HMA MMS).<sup>2</sup> Consistent with government ethics requirements, Ms. Verma stated that she will seek written authorization before working on matters involving states she previously worked for—namely, Arkansas, Indiana, Iowa, Kentucky, Ohio, South Carolina, and Virginia.<sup>3</sup> Ms. Verma did, indeed, get written authorization to participate in a March 14, 2017 call with state governors,<sup>4</sup> but has apparently not received authorization for other restricted activities. For example, it was reported that on March 17, 2017, Ms. Verma participated in a call with Dennis Smith, the Special Advisor on Medicaid for the Arkansas Department of

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<sup>1</sup> See Virgil Dickson, *Conflicts of Interest May Prevent Nominee to Lead CMS from Making Medicaid Decisions*, MODERN HEALTHCARE, Feb. 14, 2017, <http://www.modernhealthcare.com/article/20170214/NEWS/170219954>.

<sup>2</sup> See HMA MEDICAID MARKET SOLUTIONS, <https://www.hmamedicaidmarketsolutions.com/> (last visited Aug. 17, 2017).

<sup>3</sup> See Letter from Seema Verma to Elizabeth Fischmann, HHS Designated Agency Ethics Official (Jan. 31, 2017), <http://www.modernhealthcare.com/assets/pdf/CH109027214.PDF>; see also Dickson, *supra* note 1.

<sup>4</sup> See Charles S. Clark, *Newly Released Agency Ethics Waivers Leave Much Unanswered*, GOV. EXEC., June 8, 2017, <http://www.govexec.com/oversight/2017/06/newly-released-agency-ethics-waivers-leave-much-unanswered/138528/>.



Human Services, notwithstanding her recusal from matters involving Arkansas.<sup>5</sup> More recently, Senator Ron Wyden has demanded an investigation into Ms. Verma's compliance with her ethical obligations after Kentucky Governor Matt Bevin stated that Ms. Verma had been in direct contact with Kentucky regarding that state's Medicaid waiver application.<sup>6</sup>

American Oversight previously submitted five FOIA requests in August 2017 related to Ms. Verma's potential conflicts of interest. See FOIA Control Numbers 091920177083, 091920177081, 091920177096, 091920177095.<sup>7</sup> American Oversight now seeks to update those FOIAs by requesting communications and records that post-date CMS's search for records responsive to those earlier requests.

### **Requested Records**

American Oversight requests that CMS produce the following within twenty business days:

All records reflecting any communications between Seema Verma (or anyone acting on her behalf) and any of the following entities:

- SVC Inc. (@svcinc.org)
- HMA Medicaid Market Solutions (HMA MMS) (@hmamedicaidmarketsolutions.com)
- Health Management Associates (HMA) (@healthmanagement.com)

American Oversight submitted an identical request to CMS on August 17, 2017, but has not yet received an acknowledgement letter or tracking number for that request. A copy of the earlier request is attached hereto as Exhibit A. American Oversight requests all records responsive to this request from the date that a search is initiated on the August 17, 2017 request to the date that a search is conducted on this request.

In addition to the records requested above, American Oversight also requests records describing the processing of this request, including records sufficient to identify search terms used and locations and custodians searched and any tracking sheets used to track the processing of this

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<sup>5</sup> See Letter from Ron Wyden, Ranking Member, U.S. Senate Fin. Comm., to Elizabeth Fischmann, HHS Designated Agency Ethics Official (June 29, 2017), <https://www.finance.senate.gov/imo/media/doc/062917%20Wyden%20Letter%20to%20HHS%20on%20Verma%20Arkansas%20Call.pdf>.

<sup>6</sup> See Alice Ollstein, *EXCLUSIVE: Top Dem Accuses Trump Medicaid Chief of Possible Ethics Pledge Violations*, TALKING POINTS MEMO (Jan. 19, 2018, 12:17 PM), <https://talkingpointsmemo.com/dc/senate-dems-accuse-trump-medicare-chief-of-violating-ethics-pledge>; Letter from Ron Wyden, Ranking Member, U.S. Senate Fin. Comm., to Robert Charrow, General Counsel, U.S. Department of Health and Human Services (Jan. 19, 2018), [https://drive.google.com/file/d/1LkQjmgXXSrs9-5xD4b\\_zThGOcEfWepRM/view](https://drive.google.com/file/d/1LkQjmgXXSrs9-5xD4b_zThGOcEfWepRM/view).

<sup>7</sup> American Oversight has not yet received an acknowledgement letter or tracking number for the fifth request, which bore internal tracking number HHS-CMS-17-0321.

request. If your agency uses FOIA questionnaires or certifications completed by individual custodians or components to determine whether they possess responsive materials or to describe how they conducted searches, we also request any such records prepared in connection with the processing of this request.

American Oversight seeks all responsive records regardless of format, medium, or physical characteristics. In conducting your search, please understand the terms “record,” “document,” and “information” in their broadest sense, to include any written, typed, recorded, graphic, printed, or audio material of any kind. We seek records of any kind, including electronic records, audiotapes, videotapes, and photographs, as well as letters, emails, facsimiles, telephone messages, voice mail messages and transcripts, notes, or minutes of any meetings, telephone conversations or discussions. Our request includes any attachments to these records. **No category of material should be omitted from search, collection, and production.**

Please search all records regarding agency business. **You may not exclude searches of files or emails in the personal custody of your officials, such as personal email accounts.** Records of official business conducted using unofficial systems or stored outside of official files is subject to the Federal Records Act and FOIA.<sup>8</sup> **It is not adequate to rely on policies and procedures that require officials to move such information to official systems within a certain period of time; American Oversight has a right to records contained in those files even if material has not yet been moved to official systems or if officials have, through negligence or willfulness, failed to meet their obligations.**<sup>9</sup>

In addition, please note that in conducting a “reasonable search” as required by law, you must employ the most up-to-date technologies and tools available, in addition to searches by individual custodians likely to have responsive information. Recent technology may have rendered CMS’s prior FOIA practices unreasonable. **In light of the government-wide requirements to manage information electronically by the end of 2016, it is no longer reasonable to rely exclusively on custodian-driven searches.**<sup>10</sup> Furthermore, agencies that have adopted the National Archives and

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<sup>8</sup> See *Competitive Enter. Inst. v. Office of Sci. & Tech. Policy*, 827 F.3d 145, 149–50 (D.C. Cir. 2016); cf. *Judicial Watch, Inc. v. Kerry*, 844 F.3d 952, 955–56 (D.C. Cir. 2016).

<sup>9</sup> See *Competitive Enter. Inst. v. Office of Sci. & Tech. Policy*, No. 14-cv-765, slip op. at 8 (D.D.C. Dec. 12, 2016) (“The Government argues that because the agency had a policy requiring [the official] to forward all of his emails from his [personal] account to his business email, the [personal] account only contains duplicate agency records at best. Therefore, the Government claims that any hypothetical deletion of the [personal account] emails would still leave a copy of those records intact in [the official’s] work email. However, policies are rarely followed to perfection by anyone. At this stage of the case, the Court cannot assume that each and every work-related email in the [personal] account was duplicated in [the official’s] work email account.” (citations omitted)).

<sup>10</sup> Presidential Memorandum—Managing Government Records, 76 Fed. Reg. 75,423 (Nov. 28, 2011), <https://obamawhitehouse.archives.gov/the-press-office/2011/11/28/presidential-memorandum-managing-government-records>; Office of Mgmt. & Budget, Exec. Office of the

**Records Agency (NARA) Capstone program, or similar policies, now maintain emails in a form that is reasonably likely to be more complete than individual custodians' files.** For example, a custodian may have deleted a responsive email from his or her email program, but CMS's archiving tools would capture that email under Capstone. Accordingly, American Oversight insists that CMS use the most up-to-date technologies to search for responsive information and take steps to ensure that the most complete repositories of information are searched. American Oversight is available to work with you to craft appropriate search terms. **However, custodian searches are still required; agencies may not have direct access to files stored in .PST files, outside of network drives, in paper format, or in personal email accounts.**

Under the FOIA Improvement Act of 2016, agencies must adopt a presumption of disclosure, withholding information “only if . . . disclosure would harm an interest protected by an exemption” or “disclosure is prohibited by law.”<sup>11</sup> If it is your position that any portion of the requested records is exempt from disclosure, American Oversight requests that you provide an index of those documents as required under *Vaughn v. Rosen*, 484 F.2d 820 (D.C. Cir. 1973), *cert. denied*, 415 U.S. 977 (1974). As you are aware, a *Vaughn* index must describe each document claimed as exempt with sufficient specificity “to permit a reasoned judgment as to whether the material is actually exempt under FOIA.”<sup>12</sup> Moreover, the *Vaughn* index “must describe *each* document or portion thereof withheld, and for *each* withholding it must discuss the consequences of disclosing the sought-after information.”<sup>13</sup> Further, “the withholding agency must supply ‘a relatively detailed justification, specifically identifying the reasons why a particular exemption is relevant and correlating those claims with the particular part of a withheld document to which they apply.’”<sup>14</sup>

In the event some portions of the requested records are properly exempt from disclosure, please disclose any reasonably segregable non-exempt portions of the requested records. If it is your position that a document contains non-exempt segments, but that those non-exempt segments are so dispersed throughout the document as to make segregation impossible, please state what portion of the document is non-exempt, and how the material is dispersed throughout the document.<sup>15</sup> Claims of nonsegregability must be made with the same degree of detail as required for claims of exemptions in a *Vaughn* index. If a request is denied in whole, please state specifically that it is not reasonable to segregate portions of the record for release.

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President, Memorandum for the Heads of Executive Departments & Independent Agencies, “Managing Government Records Directive,” M-12-18 (Aug. 24, 2012), <https://www.archives.gov/files/records-mgmt/m-12-18.pdf>.

<sup>11</sup> FOIA Improvement Act of 2016 § 2 (Pub. L. No. 114-185).

<sup>12</sup> *Founding Church of Scientology v. Bell*, 603 F.2d 945, 949 (D.C. Cir. 1979).

<sup>13</sup> *King v. U.S. Dep’t of Justice*, 830 F.2d 210, 223–24 (D.C. Cir. 1987) (emphasis in original).

<sup>14</sup> *Id.* at 224 (citing *Mead Data Central, Inc. v. U.S. Dep’t of the Air Force*, 566 F.2d 242, 251 (D.C. Cir. 1977)).

<sup>15</sup> *Mead Data Central*, 566 F.2d at 261.

**You should institute a preservation hold on information responsive to this request.** American Oversight intends to pursue all legal avenues to enforce its right of access under FOIA, including litigation if necessary. Accordingly, CMS is on notice that litigation is reasonably foreseeable.

To ensure that this request is properly construed, that searches are conducted in an adequate but efficient manner, and that extraneous costs are not incurred, American Oversight welcomes an opportunity to discuss its request with you before you undertake your search or incur search or duplication costs. By working together at the outset, American Oversight and CMS can decrease the likelihood of costly and time-consuming litigation in the future.

Where possible, please provide responsive material in electronic format by email or in PDF or TIF format on a USB drive. Please send any responsive material being sent by mail to American Oversight, 1030 15<sup>th</sup> Street NW, Suite B255, Washington, DC 20005. If it will accelerate release of responsive records to American Oversight, please also provide responsive material on a rolling basis.

### **Fee Waiver Request**

In accordance with 5 U.S.C. § 552(a)(4)(A)(iii) and 45 C.F.R. § 5.54, American Oversight requests a waiver of fees associated with processing this request for records. The subject of this request concerns the operations of the federal government, and the disclosures will likely contribute to a better understanding of relevant government procedures by the general public in a significant way.<sup>16</sup> Moreover, the request is primarily and fundamentally for non-commercial purposes.<sup>17</sup>

American Oversight requests a waiver of fees because disclosure of the requested information is in the public interest because it is likely to contribute significantly to public understanding of the operations or activities of the government.<sup>18</sup> The disclosure of the information sought under this request will document and reveal the operations of the federal government, including how officials conduct the public's business. In particular, the requested records will shed light on whether and how the top-ranking official in charge of implementing Medicare and Medicaid is complying with her ethical obligations. It is imperative that the public have a thorough understanding of Ms. Verma's potential conflicts of interest and how she is addressing those conflicts. This request seeks to shed light on how Ms. Verma is comporting herself in her government position, including whether and to what extent she is complying with recusal and other ethical obligations. Without answers to these questions, the public cannot have confidence that government decisions are shaped by the interests of the American people, not personal or professional allegiances.

This request is primarily and fundamentally not for commercial purposes.<sup>19</sup> As a 501(c)(3) nonprofit, American Oversight does not have a commercial purpose and the release of the

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<sup>16</sup> 45 C.F.R. § 5.54(a).

<sup>17</sup> *Id.*

<sup>18</sup> 45 C.F.R. § 5.54(b)(1), (2)(i)-(ii).

<sup>19</sup> 45 C.F.R. § 5.54(b)(3)(i)-(ii).

information requested is not in American Oversight’s financial interest. American Oversight’s mission is to promote transparency in government, to educate the public about government activities, and to ensure the accountability of government officials. American Oversight uses the information gathered, and its analysis of it, to educate the public through reports, press releases, or other media. American Oversight also makes materials it gathers available on its public website and promotes their availability on social media platforms, such as Facebook and Twitter.<sup>20</sup> American Oversight has demonstrated its commitment to the public disclosure of documents and creation of editorial content. For example, after receiving records regarding an ethics waiver received by a senior DOJ attorney,<sup>21</sup> American Oversight promptly posted the records to its website and published an analysis of what the records reflected about DOJ’s process for ethics waivers.<sup>22</sup> As another example, American Oversight has a project called “Audit the Wall,” where the organization is gathering and analyzing information and commenting on public releases of information related to the administration’s proposed construction of a barrier along the U.S.-Mexico border.<sup>23</sup>

Accordingly, American Oversight qualifies for a fee waiver.

### Conclusion

We share a common mission to promote transparency in government. American Oversight looks forward to working with your agency on this request. If you do not understand any part of this request, have any questions, or foresee any problems in fully releasing the requested records, please contact Sara Creighton at [foia@americanoversight.org](mailto:foia@americanoversight.org) or 202-869-5245. Also, if American Oversight’s request for a fee waiver is not granted in full, please contact us immediately upon making such a determination.

Sincerely,



Austin R. Evers  
Executive Director  
American Oversight

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<sup>20</sup> American Oversight currently has approximately 11,800 page likes on Facebook, and over 39,200 followers on Twitter. American Oversight, FACEBOOK, <https://www.facebook.com/weareoversight/> (last visited Jan. 24, 2018); American Oversight (@weareoversight), TWITTER, <https://twitter.com/weareoversight> (last visited Jan. 24, 2018).

<sup>21</sup> *DOJ Civil Division Response Noel Francisco Compliance*, AMERICAN OVERSIGHT, <https://www.americanoversight.org/document/doj-civil-division-response-noel-franciscocompliance>.

<sup>22</sup> *Francisco & the Travel Ban: What We Learned from the DOJ Documents*, AMERICAN OVERSIGHT, <https://www.americanoversight.org/francisco-the-travel-ban-what-we-learned-from-the-doj-documents>.

<sup>23</sup> *Audit the Wall*, AMERICAN OVERSIGHT, [www.auditthewall.org](http://www.auditthewall.org).