

JANET REHNQUIST, U.S. Department of Health and Human Services

From August 2001 through May 2003, Janet Rehnquist served as inspector general of the Department of Health and Human Services (HHS).¹ Ms. Rehnquist resigned from this position on June 1, 2003, while the subject of ongoing investigations by the U.S. General Accounting Office (“GAO”) and the Integrity Committee of the President’s Council on Integrity and Efficiency.² Ms. Rehnquist is the daughter of former Chief Justice William Rehnquist.³

The GAO opened its investigation into the activities at HHS’s Office of the Inspector General (“OIG”) under Ms. Rehnquist’s leadership at the request of the Senate Committee on Finance and the Senate Special Committee on Aging.⁴ GAO concluded that Ms. Rehnquist created an atmosphere of anxiety and distrust within the OIG and took a number of actions that showed poor judgement and undermined the independence of the office.⁵

Specifically, GAO found that Ms. Rehnquist compromised the independence of the OIG in the following cases:

- In April 2002, Ms. Rehnquist delayed a planned audit of the Retirement System of Florida at the request of Governor Jeb Bush, who was running for re-election, while media reports were suggesting the audit report might have a major effect on the race. The audit revealed that Florida had received excessive federal contributions of about \$571 million that the state would be required to return.⁶
- In February 2000, the OIG alleged that York Hospital in York, Pennsylvania, had submitted improper claims for Medicare beneficiaries. Ms. Rehnquist sought a quick settlement of the matter at the urging of three members of Congress. The OIG’s former chief counsel claimed Ms. Rehnquist pressured him to settle the case, saying, “I hate this case, get rid of it.” Although OIG lawyers had estimated the hospital’s potential liability to be \$726,000, the OIG settled the case for

¹ U.S. General Accounting Office, Report to Congressional Committees, Department of Health and Human Services Review of the Management of Inspector General Operations, Report No. GAO-03-685, p. 1 (June 10, 2003) [hereinafter “GAO HHS Report”]. (Exhibit 1)

² Janet Rehnquist Resigns, *CBSNews.com*, March 4, 2003, available at <http://www.cbsnews.com/stories/2003/03/04/politics/main542782.shtml> (Exhibit 2); GAO HHS Report, p. 1.

³ *CBSNews.com*, Mar. 4, 2003.

⁴ GAO HHS Report, p. 1.

⁵ Id.; see also Robert Pear, Report Criticizes Health Dept. Inspector General as a Poor Manager, *The New York Times*, June 6, 2003. (Exhibit 3)

⁶ GAO HHS Report, pp. 8-9.

\$270,000.⁷

- When two medical societies threatened to sue HHS over a regulation that resulted in claims denials, Ms. Rehnquist intervened at the request of one of the lawyers representing the societies who was a personal friend of hers. Ms. Rehnquist directed her chief counsel to contact the law firm and begin negotiations and severely admonished him when he delayed acting until he could consult with the appropriate HHS attorney.⁸
- Ms. Rehnquist delayed publication of an OIG report on adjusted community rate proposals for 14 months while awaiting agency comment from an administrator who initially disagreed with the OIG's findings. The delay diminished the usefulness of the report to congressional committees and created the appearance that Ms. Rehnquist was unduly influenced by the agency, thereby compromising her independence.⁹

Further, the GAO report investigated personnel changes Ms. Rehnquist implemented that resulted in a widespread perception of unfairness and raised anxiety among her staff.¹⁰ From September 2001 to November 2002, approximately 20 senior managers were reassigned, retired, or resigned from the OIG headquarters.¹¹ Ten of these officials had extensive government service experience and played important leadership roles within the office.¹² In addition, the promotion of a close advisor to Ms. Rehnquist raised a legal concern because selection process protocol was not followed.¹³

In addition, the GAO report concluded that Ms. Rehnquist had demonstrated poor judgement in a number of instances.¹⁴ For example, Ms. Rehnquist exhibited serious lapses in judgement when she improperly obtained a firearm (that she kept in her office) and law enforcement credentials.¹⁵

⁷ Id., pp. 9-10.

⁸ Id., pp. 10-11.

⁹ Id., pp. 11-12.

¹⁰ GAO HHS Report, pp. 12-15.

¹¹ Id., p. 12.

¹² Id.

¹³ Id., p. 15.

¹⁴ GAO HHS Report, p. 16.

¹⁵ Id.

Finally, the report questioned the legitimacy of Ms. Rehnquist's official travel.¹⁶ For example, Ms. Rehnquist took a trip to San Francisco and Phoenix that spanned eight days, even though the only official activities that the investigators found documented were two 30-minute speeches.¹⁷ In addition, Ms. Rehnquist was involved in personal activities with other senior managers on staff during these trips, creating a perception that the trips were planned for non-business purposes.¹⁸

¹⁶ Id., pp. 18-19.

¹⁷ Id., p. 18.

¹⁸ GAO HHS Report, p. 19.