



NEW YORK STATE SENATOR

Liz Krueger

Senator Liz Krueger Demands Immediate Legislation to Stop Medicaid Fraud

LIZ KRUEGER May 25, 2006

Albany, NY – State Senator Liz Krueger joined her Senate Democratic colleagues in calling on the Republican-controlled New York State Senate to enact thoughtful and thorough legislation to halt the abuse and fraud occurring within New York's Medicaid system—financial abuse that may be costing New York taxpayers billions of dollars annually.

The State of New York spends approximately \$45 BILLION on Medicaid. In New York City alone a staggering 2.6 million needy residents, many of whom are elderly citizens or single-mothers, are eligible for Medicaid— more than four million statewide. "This funding provides essential access to health care for millions of poor and moderate income New Yorkers—it is critical that we ensure these monies are being spent efficiently," said Senator Krueger.

While the exact rate of fraud is not known because of the State's failure to address this issue, as much as 10 percent of Medicaid funds may be vulnerable to fraud and abuse, or \$12 million every day/ \$4.5 billion every year.

The vast majority of Medicaid fraud is perpetuated by providers or individuals masquerading as providers. Krueger added, "We should not jump to conclusions that poor people are the perpetrators of this fraud. We should be targeting the guilty while at the same

time ensuring that the nearly 1.3 million New Yorkers eligible, but not participating, gain access to this vital program."

In spite of the fraud and abuse of the Medicaid system, proposals by Senate Democrats to reform the system have been denied the courtesy of a vote, or even debate upon the Senate floor.

"This tremendous waste of taxpayer's dollars creates a burden for the State which is often shared with local governments, leaving taxpayers to pick up the tab," said Krueger.

The Senate Democrats propose a five-point plan to combat Medicaid fraud, calling for:

Strengthening the Attorney General's Medicaid Fraud Control Unit (MFCU): Investing the necessary resources in the MFCU will lead to better management by the agency and expanded ability of enforcement, which will easily pay for itself through increased recovery. Supporting the Office of the Medicaid Inspector General: The Senate, Assembly, Governor and Attorney General all agree on the need to have a Medicaid Inspector General. We support the immediate implementation of this position, appointed by, and serving at the pleasure of, the Governor.

Extending the Martin Act to include health care fields: The Martin Act is the very act the Attorney General has used to clean up corruption on Wall Street. Extending the Act to include the health care field, the Attorney General would be able to prosecute the new crimes of health care fraud, scheming to defraud a health plan, and aggravated health care fraud.

Enacting a Medicaid False Claims Act: This Act would authorize individuals to bring civil actions against those who have defrauded the government. Similar laws are already in place at the federal level, and in more than a dozen states, helping taxpayers recover tens of millions of dollars.

Helping Counties Fight Fraud: Expanding a pilot program started last year that gives counties the ability to go beyond their traditional authority to investigate Medicaid recipient fraud by allowing them to investigate providers as well.

Krueger went on to say, "This five-point plan will take much needed steps to ensure that taxpayer's dollars are put to good use. By cracking down on provider fraud of Medicaid, we can recover funds to help low-incomes families, the elderly, single-mothers and many others who struggle to meet basic health care needs for themselves and their children. Perhaps through these improvements we can move toward a single-payer, universal health care system that would also simplify administrative costs and decrease opportunities for fraud."