



NEW YORK STATE SENATOR

Jack M. Martins

Senate Passes Measure to Reduce Medicaid Fraud

JACK M. MARTINS June 6, 2011

| ISSUE: **INSURANCE FRAUD**

The New York State Senate passed a bill that implements a recommendation of the Senate Republican Task Force on Medicaid Fraud and increases the prosecution of Medicaid waste and abuse while also bringing significant savings to the state and counties. Medicaid fraud is a significant cost to the state and this legislation (S.594), sponsored by Senator Charles J. Fuschillo, Jr. (R, Merrick), helps increase cost recoveries by allowing the state's Office of Medicaid Inspector General (OMIG) to assist local district attorneys in prosecutions of Medicaid provider fraud.

"Medicaid fraud costs taxpayers billions of dollars every year. At a time when every dollar counts, every available tool must be used to recover funds that are being stolen through fraud. Allowing local district attorneys to receive referrals of suspected Medicaid fraud cases would enable more cases to be prosecuted and save money for taxpayers," said Senator Fuschillo.

The bill was supported by Senator Jack M. Martins. "Efforts to eliminate fraud and abuse will help save money," he said. "Those who choose to try to take advantage of the system should be prosecuted. They are cheating all of the honest taxpayers in the state."

“The current Medicaid system does not use our state and local resources efficiently and results in the ongoing loss of funds to fraud and abuse,” Senate Majority Leader Dean G. Skelos said. “This bill will help improve our ability to prosecute criminals and increase the amount of money that can be recovered by enabling referrals of cases and important investigative information to local district attorneys so they can be even better partners in the fight against Medicaid fraud.”

While Medicaid recipient fraud is currently investigated by the local Department of Social Services and prosecuted by the local district attorney, cases of Medicaid provider fraud must be referred by OMIG to the State Attorney General. The legislation passed today allows OMIG to provide referrals to local district attorneys which then can prosecute provider fraud in exchange for a percentage of the recoveries. This would result in a reduction in the amount of time it takes to prosecute perpetrators, a decrease in the amount of state resources necessary to prosecute cases from Albany, and an increase in recovery amounts to the state.

Medicaid is one the state’s largest expenditures -- over \$52.8 billion this year – and Medicaid spending accounts for one-third of the entire state budget. A report issued last year by the Senate Republican Task Force on Medicaid Fraud stated that Medicaid fraud accounts for between three and 10 percent of all Medicaid expenses, potentially costing state taxpayers as much as \$5 billion each year.

The bill has been sent to the Assembly.