



NEW YORK STATE SENATOR

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CONTROLLING MEDICAID SPENDING AND ROOTING OUT FRAUD KEY FOR NEW YORK'S LONG-TERM FISCAL HEALTH

FRANK PADAVAN April 19, 2010

New York's Medicaid spending has risen to a point that it is now simply unsustainable. New York spends an estimated \$52 billion a year on Medicaid- that's astounding \$1 billion a week. Future projections have state spending for Medicaid increasing by 37 percent over the next five years costing New Yorkers approximately an additional \$5 billion.

In comparison to other state and national figures, New York's Medicaid spending is stunning its scale and scope. Total spending in New York is 70 percent above the national average. New York spends more for Medicaid than California and Texas combined. To further illustrate this point, New York is home to roughly 19.5 million residents while California and Texas- first and second in population in the United States- is home to 62.5 million people combined. Based on these facts and with the escalating burden placed on the state taxpayers, New York can no longer afford to allow these costs to rise without any legislative action by the State Legislature.

Taking on fraud in the Medicaid program is nothing new to my colleagues and I. Back in 2006, we lead the fight that established the Office of Medicaid Inspector General (OMIG), which is responsible for investigating instances of Medicaid fraud, waste and abuse. In 2006, we also enacted a law which caps the growth in the county share of Medicaid costs.

While we have taken some legislative remedies for Medicaid costs, we still must and can do more. To help solve these problems my Senate Republican colleagues and I have presented a number of proposals aimed at building upon previous legislative efforts to establish greater accountability and oversight in Medicaid spending.

The proposals were born following a six week long review by the Senate Republican Taskforce on Medicaid Fraud and Medicaid Reform which sought input from a bipartisan group of District Attorneys, County Executives, state and local officials and groups developing new technologies that combat fraud and misuse of Medicaid funds. Some of the key initiatives, that could save New York about \$500 million this year alone, included in the report are:

- Authorizing the referral of all fraud cases to local DA's in order to reduce prosecution time and allow counties to keep a portion of the fraud funds they recoup;
- Allowing counties access to the Medicaid Data warehouse to better detect fraud or the overutilization of services;
- Restoring asset and resource tests as an eligibility requirement;
- Eliminating "doctor shopping" by requiring recipients to choose one primary doctor and one pharmacist; and
- Require credit reports and a real property tax search for all applicants.

Over time the methods individuals use to fraudulently bilk money from Medicaid is ever-evolving. In order to proactively and more effectively root out fraud, waste and abuse it's imperative that the State Legislature take action now. These proposals we set forth provide the necessary framework for the solutions needed to reign in long-term Medicaid spending while making the program more efficient and accountable to both the recipients of the benefits and New York's taxpayers.