



NEW YORK STATE SENATOR

Kenneth P. LaValle

Senate Passes Measure to Reduce Medicaid Fraud

KENNETH P. LAVALLE June 7, 2011

| ISSUE: **HEALTH, INSURANCE, SENIORS, INSURANCE FRAUD, MEDICAID**

Expands DA's Ability to Prosecute Medicaid Provider Waste and Abuse

New York State Senator Kenneth P. LaValle said he voted for a bill (S.594) that passed the Senate on June 6 that implements a key 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.

The legislation 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.

"By allowing local district attorneys to receive referrals of suspected Medicaid fraud, more cases will be prosecuted and save taxpayer dollars," said LaValle.

"Rampant abuse of the Medicaid system continues to drive up spending and taxes at the local and state levels and is costing New York taxpayers in the billions of dollars. It is important to protect services for those in need," LaValle said, "and it is equally important to ensure that taxpayers are not footing the bill for those who cheat the system," LaValle concluded.

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.