



NEW YORK STATE SENATOR

Lee M. Zeldin

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ALBANY—Senator Lee Zeldin (R, C, I—Shirley) introduced legislation this week taking a unique approach to protecting taxpayer dollars from Medicaid abuse. The bill (S.6621) would limit the amount that a not-for-profit corporation can bill Medicaid when individuals associated with the not-for-profit are being excessively compensated.

“While many not-for-profits serve the public honorably, unfortunately, too many have found shameful ways to take advantage of the system and fail to supply the public benefit that they are chartered to provide,” said Senator Zeldin when explaining the intent behind the bill. “Offering excessive compensation to individuals associated with the not-for-profit is one way that these organizations take flagrant advantage of our system. Some not-for-profits are overbilling Medicaid to line the pockets of Executives and other associates.”

Because not-for-profit corporations are meant to exist for the benefit of the public, rather than for the financial benefit of an individual or stockholders, federal and state laws provide not-for-profit corporations with various tax incentives, including, in some cases, exemption from taxes.

According to a recent Congressional report, executive salaries at Medicaid-funded not-for-profits in New York seem to be particularly excessive. The House Committee on Oversight and Government Reform even noted that one executive in particular was found to be making \$2.8 million dollars annually.

“New York State currently spends more money than any other state in the nation on Medicaid and excessive executive compensation is, without a doubt, contributing to the problem,” said Senator Zeldin.

“The benefits and incentives our state provides to these organizations are meant to benefit the populations that they serve.”

“Excessive executive compensation in the Medicaid field is particularly egregious because the increased costs associated with services are borne by the taxpayers,” concluded Senator Zeldin. “Taking this action to eliminate Medicaid abuse is the right thing to do—for the benefit of New York’s taxpayers and for the good of the populations served by our state’s not-for-profits.”