



NEW YORK STATE SENATOR

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SENATE MEDICAID TASK FORCE TARGETS WASTE, FRAUD AND ABUSE

MICHAEL F. NOZZOLIO June 13, 2010

New York spends a total of **\$52.5 billion of taxpayers' money** a year on Medicaid. That means New York State spends over \$1 billion a week on Medicaid services. New York's Medicaid program is larger than the total budgets of forty-three other States. New York's Medicaid costs are twice as much as California's program, even though California serves more people. New York also spends more on Medicaid than the states of Texas, Florida, and North Carolina combined!

New York State's current level of spending on Medicaid cannot continue. The billions of dollars spent on Medicaid services jeopardizes critically needed funding for other badly needed services and continues to drive up the cost of our local property taxes. Clearly, immediate action must be taken to reduce the cost of this program.

The U.S. Government Accountability Office estimates that as much as 10 percent of all Medicaid expenses are the result of fraud. **This means that in Governor Paterson's Executive Budget proposal, as much as \$5 billion could be wasted on fraudulent services!**

This is unacceptable for the State with the largest Medicaid program in the Nation.

We must search out and recover every last dollar of Medicaid fraud, waste and abuse to reduce spending and ease the burden on local property taxpayers. We have to take action to ensure our Medicaid dollars are not wasted and that they are spent wisely and efficiently to provide services to people who are truly in need. **We need to ensure that every cent of taxpayer dollars is accounted for!**

As a member of the New York State Senate Task Force on Medicaid Fraud and Reform, I have worked hard to aggressively investigate what savings can be gained from New York's overburdened Medicaid system. After working closely with local and county officials and experts on Medicaid fraud prevention, the Task Force has now released its initial report. This sweeping set of policy recommendations will empower local governments to boost their own Medicaid fraud efforts, combat waste and the overuse of services, and save taxpayers up to \$500 million a year.

Members of the Task Force collected testimony and background information detailing the extent of Medicaid fraud in New York. The findings paint a shocking picture of a State Medicaid program rife with abuse, costing taxpayers billions of dollars in unnecessary or fraudulent expenditures. There was the Brooklyn dentist who billed Medicaid for 991 procedures in a single day - - even pulling and filling all 32 teeth on one patient - - as well as a physician who prescribed \$11.5 million worth of a synthetic hormone popular with bodybuilders. Another woman claimed \$60,000 in Medicaid benefits even though she had \$400,000 in the bank, several luxury cars, a million dollar home and two properties in Florida.

We need to give prosecutors the authority to go after criminals like these who are stealing billions in tax dollars and give local governments the tools they need to prevent any more fraud from happening. Our counties know what works in the Medicaid program and what doesn't, and where there may be areas of fraud and abuse. Unfortunately, despite the fact that they are on the front lines of the Medicaid program, county officials have repeatedly said the State inhibits their ability to stop fraud at the local level.

Senate Task Force recommendations include:

- €€ Give counties back the tools to determine if a Medicaid applicant is truly eligible. The 2009-10 State Budget, which I strongly opposed and voted against, eliminated the eligibility requirements for county-conducted face-to-face interviews, finger-imaging and asset tests for Medicaid applicants. **These safeguards need to be reinstated immediately!**
- €€ Allow localities to perform credit checks and real property searches on Medicaid applicants to prevent fraud.
- €€ Empower Counties to keep more tax dollars that are lost to Medicaid fraud and waste to offset local costs and reinvest in staff and technology to fight fraud.
- €€ Wherever possible, substitute less expensive generic drugs for name brands – just doing this could save taxpayers \$300 million.
- €€ Require Medicaid recipients to choose a primary doctor and pharmacist, similar to managed care plans.
- €€ Install a voice-activated time card system for personal care workers. This system is already in place in New York City and has saved \$1 billion in time card abuse and reduced personal care hours – putting it in place statewide could save billions.
- €€ Allow district attorneys to prosecute cases of Medicaid fraud and abuse by health care providers. Currently all cases of provider fraud are referred to the state Attorney General. Allowing for local prosecution would reduce the amount of time and State resources to prosecute these cases.

Over the next few months, I will work closely with my Senate colleagues to implement these reforms to crack down on Medicaid fraud. By working together, we can implement a

cost-effective and efficient method of delivering Medicaid services to our seniors and individuals who are most in need, while also lessening the burden on the taxpayer.

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