



NEW YORK STATE SENATOR

Thomas F. O'Mara

Senate approves legislation O'Mara co-sponsors to encourage local Medicaid fraud investigations

THOMAS F. O'MARA June 8, 2017

| ISSUE: **MEDICAID**



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Albany, N.Y., June 8 —The New York State Senate today approved legislation co-sponsored by Senator Tom O'Mara (R,C,I-Big Flats) to restore the incentive for local governments to combat abuse, fraud and waste in New York's \$60-billion-plus system of Medicaid.

Mayors, county executives and other local officials throughout the Southern Tier and Finger Lakes regions, and statewide, continually point to Medicaid as their most burdensome and costly unfunded state mandate.

“We need to restore the financial incentive for local governments to continue to root out Medicaid abuse, fraud, and waste. This legislation would help achieve this important goal and hopefully encourage Medicaid fraud investigations and prosecutions at the local level,” said O’Mara.

The New York State Association of Counties (NYSAC) released a report early last year, “Real and Permanent Mandate Relief,” that stated that “counties outside of New York City send \$2.26 billion to the state each year for Medicaid, thereby transferring a significant cost for the program to local property taxpayers, and contributing greatly to the disparity between property taxes in New York State and other states.” According to NYSAC, the local cost of Medicaid and other state mandates are a major reason why property taxes in New York are 80% above the national average.

State Medicaid inspector generals have stressed the importance of local efforts to help combat and prevent the fraud, waste, and other abuses that continue to plague a system that, according to the latest enrollment figures, provides benefits to over 6.4 million recipients, or nearly one-third of New York’s residents. Medicaid now costs approximately \$63 billion, approaching one-half of New York’s entire state budget. Reports have projected Medicaid enrollment will rise to almost 6.5 million recipients in 2019 at a state cost alone of nearly \$25 billion.

The state’s current Medicaid payment cap limits reimbursements to local governments for successfully prosecuting Medicaid fraud cases. The legislation O’Mara is co-sponsoring (**S.514/A.4281**) would restore the financial incentive for counties to identify and prosecute

Medicaid fraud. It would authorize local governments to keep 100% of the local share of any successful Medicaid fraud prosecution or settlement, or 10% of the total recovery, whichever amount is greater. Since the local share on some programs may be very small, O'Mara stressed the importance of guaranteeing local governments at least 10% of any recovery, including settlement. The state would receive the balance of recoveries.

The legislation received nearly unanimous bipartisan Senate approval in 2016 but the Assembly never acted on it. Legislation requires approval by both houses of the Legislature and the governor's signature before becoming law. It is currently in the Assembly Health Committee.