



**STATE OF NEW YORK
OFFICE OF THE MEDICAID INSPECTOR GENERAL**

**TESTIMONY OF JAMES C. COX
MEDICAID INSPECTOR GENERAL
OFFICE OF THE MEDICAID INSPECTOR GENERAL**

**JOINT LEGISLATIVE BUDGET TESTIMONY
HEARING ROOM B
LEGISLATIVE OFFICE BUILDING
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10:00 AM**

Chairman DeFrancisco, Chairman Farrell, and distinguished members of the Senate Finance and Assembly Ways and Means Committee, Health Committee Chairs Senator Hannon and Assemblyman Gottfried. My name is James Cox and I am the Medicaid Inspector General. I want to thank you for the opportunity to discuss the 2014-15 Executive Budget as it relates to the Office of the Medicaid Inspector General (OMIG).

I appear before you today with important information about OMIG's performance during the past year, and to demonstrate to you how New York State's investment in OMIG has paid off. I also appear today to present the status of OMIG's efforts as we look forward into 2014-15.

OMIG was created as part of an overall effort to reduce fraud, waste, and abuse within the Medicaid program. The intent was to become more proactive in fighting fraud and also to detect and prevent overbilling. We have made tremendous progress in both areas.

Coordinating OMIG's Recent Performance

I come today to tell you that OMIG achieved record recoveries in 2013. These results reflect our ongoing focus on fighting fraud and recovering payments from improper Medicaid billings. Our preliminary statistics indicate that OMIG's health care fraud enforcement efforts resulted in more than \$851 million recovered in the last calendar year. This improves upon our previous record by more than \$347 million, and continues a trend of strong recoveries. Over the last three years, the administration's enforcement efforts have recovered \$1.73 billion, a 34% increase over the prior three-year period.

As reported in our most recent annual report we completed 4,400 investigations, also a new record.

OMIG is very fortunate to have some of the best employees in the state. We have staff with extensive experience in Medicaid. We have some of the state's longest tenured and skilled auditors. We have investigators whose collective knowledge encompasses hundreds of years of investigative experience. We have data mining and collections staff who are second to none. We have the first and we would argue —the best – compliance unit in the United States. Each of these disciplines come together to create the leading state Medicaid program integrity unit in the nation.

Building Relationships with Other State Agencies

It is important to state that OMIG remains an independent oversight agency; however, it must continue to be knowledgeable about the Medicaid program requirements. Maintaining constructive relationships with other parts of government is a crucial component of success. To that end, we have worked with other state agencies to strengthen our understanding of regulations and their application to the Medicaid program.

Further, we have emphasized the importance of working with law enforcement. As an example, OMIG, the Department of Health, and the Attorney General's Medicaid Fraud Control Unit recently revised a Memorandum of Understanding that will help New York comply with provisions of the Affordable Care Act, strengthen our enforcement capabilities as they relate to managed care, and improve our State's ability to fight fraud in the Medicaid program. The Medicaid Fraud Control Unit personnel recently described its relationship with OMIG as "the best it has ever been."

OMIG is proud of its County Demonstration program achievements over the past year. This program works to fight fraud and abuse at the County level. Over the past year, we have

redesigned this program for success by more than doubling the staff assigned to the program and working more collaboratively on a regular basis with our partners. In addition, we have held quarterly meetings with the demonstration participants and are beginning the process of opening new areas for review. As a result of our efforts, we have begun to get positive feedback from our partners at the local level. To quote one of them: "As the year closes out, I wanted to thank all of you for your great support this year! Thanks to your assistance, we go into 2014 in very good shape." The County Demonstration program has also started to show important program integrity results. As an example, just two weeks ago, Erie County reported that their local efforts netted more than \$300,000 returned from inappropriate billings and several cases of fraud. We are firmly committed to the continued success of this program.

Improved relationships have also helped us in our work to fight fraud over the past year in the social adult day care area. OMIG, the Department of Health, the Office for the Aging, and the Medicaid Fraud Control Unit worked together to investigate allegations of ineligible individuals being enrolled in the Medicaid program. Through this work, OMIG anticipates substantial recoveries. We believe that the effort to improve our work with the Medicaid Fraud Control Unit and other partners is a benefit that will continue to yield results.

Stopping Fraud Where It Starts

In the past year, we launched a new web site that keeps providers, taxpayers, businesses, and consumers informed about Medicaid program integrity. We now have 20 active audit protocols that providers can refer to. We are very proud of this work because it has a positive effect on the state's program and fiscal integrity.

At OMIG, we recognize the importance of identifying areas for potential fraud or abuse, and of working with providers to prevent improper conduct before it starts. We value the importance of having a presence in the field. That is why we sent people into the field to review social adult day care. It is why we sent people out to investigate medical transportation. It is why we lead the nation in conducting pharmacy inventory reviews. It is why we work shoulder-to-shoulder with providers, consumers, and taxpayers, to learn firsthand what is going on at the grassroots level. We have increased our commitment to compliance and education programs, and these efforts have also proven successful. As a reflection of this, we set a record in our last annual report for self-disclosed dollars, with over \$20 million recovered.

Conclusion

The coming year presents new opportunities. The Executive Budget represents a strong commitment to our office and will improve OMIG's operations and its ability to fight fraud and abuse in the Medicaid program.

Thank you for the opportunity to speak today. I am happy to answer questions.

