



**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
ALBANY, NEW YORK**

**JANUARY 30, 2013
10:30 A.M.**

Chairman DeFrancisco, Chairman Farrell and distinguished members of the Senate Finance and Assembly Ways and Means Committee, Senator Hannon and Assemblyman Gottfried, I want to thank you for the opportunity to appear today to discuss the proposed 2013-14 Executive Budget as it relates to the Office of the Medicaid Inspector General. My name is James Cox and I am the Medicaid Inspector General.

Under Governor Cuomo's leadership, New York has introduced major reforms to its Medicaid program. A significant amount of OMIG's current efforts involve the review of the Medicaid program changes to ensure that we continue to protect and enhance the overall program integrity.

Consistent with its mission, OMIG focused its resources on identifying those providers who are committing fraud and taking "bad actors" out of our health care delivery system. This includes creative new approaches like multidisciplinary Business Line Teams, as well as continuing our work with law enforcement at the federal, state and local levels.

We are also implementing improvements to our audit processes, starting with the basic premise that providers have the right to understand the rules by which they will be audited. That's why OMIG works every day to ensure that its audit process is open and providers are well informed.

We have worked with other state agencies to strengthen our understanding of regulations and their application to the Medicaid program. Our staff receives specialized training and expertise in their respective areas and we have increased our commitment to compliance and education programs that have proven to be successful.

All of these efforts help prevent overpayments in the Medicaid program before they happen. And, the numbers over the past two years illustrate the success of this approach. Last year, OMIG saved taxpayers over \$2.5 billion, an increase of about 34% over the prior year. Some of the ways that we achieved this included: preventing \$1.1 billion in payments that are unnecessary because providers inappropriately billed the state even though individuals have other insurance that should be paying the bill, strengthening internal controls to save \$310 million in home health service payments, saving \$169 million by refusing to pay for unnecessary services, and saving over \$61 million by identifying billing errors made by managed care companies. In addition, OMIG conducted over 4,000 investigations of providers last year and took action in more than 900 of those cases. In total, OMIG recovered over \$410 million due to fraud and other overpayments. These actions are emblematic of our overall approach - preventing improper payments where possible and recovering overpayments when necessary.

This coming year presents new opportunities. Protecting program integrity for the state, the taxpayers and the enrollees is as important now as it ever was. The Executive Budget provides strong support for our Office and will improve OMIG's operations and its ability to fight fraud and abuse in the Medicaid program. Our results in the 2013-14 fiscal year will only improve upon past efforts.

Thank you again and I will be happy to answer questions.