

OFFICE OF MEDICAID INSPECTOR GENERAL

MISSION

The Office of Medicaid Inspector General (OMIG) was statutorily established in 2006 — as an independent entity within the Department of Health — to improve and preserve the integrity of the Medicaid program by conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for services funded by Medicaid.

In carrying out its mission, the Office conducts and supervises all prevention, detection, audit and investigation efforts and coordinates such activities with the Department of Health, and the Office of Mental Health, Office of Mental Retardation and Developmental Disabilities and Office of Alcoholism and Substance Abuse Services. In addition, the Medicaid Inspector General works closely with the Attorney General's Medicaid Fraud and Control Unit (MFCU) and Federal and local law enforcement agencies.

ORGANIZATION AND STAFFING

The Office is headed by the Medicaid Inspector General who is appointed by the Governor with the advice and consent of the Senate. The Office of Medicaid Inspector General is headquartered in Albany with six regional field offices located throughout the state — in Buffalo, Hauppauge (Long Island), Rochester, Syracuse, White Plains and New York City.

The Office is organized into four bureaus — Information Technology and Fraud Detection Systems, Investigations and Enforcement, Medicaid Audit and Revenue Initiatives.

The 2007-08 Executive Budget recommends 678 State staff for the OMIG, an increase of 157 over the level funded in 2006-07. In addition to the State positions, another 207 staff are funded by contractual resources. Approximately 48 percent of the positions are supported by the General Fund and the remaining 52 percent are supported by Federal and other funds.

BUDGET HIGHLIGHTS

The 2007-08 Executive Budget recommends \$98 million to support the continued operations of the Office of Medicaid Inspector General. This includes \$5 million to be transferred to the State University of New York to develop clinical expertise and establish guidelines and improved protocols to identify patterns of waste, fraud or abuse. The Budget also adds \$4.8 million to support new staff — including 100 new auditors, 35 staff to strengthen fiscal and personnel operations and 22 information technology staff — and necessary investments in technology to improve the State's ability to combat fraud, waste and abuse by:

- Strengthening the prepayment identification and verification process to maximize third party recoveries;
- Enhancing the State's ability to investigate fraud and ensure compliance with provider Medicaid standards;

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- Implementing new technologies to utilize the capabilities of the eMedNY system for assisting in the detection of fraud, waste and abuse; and
- Improving the coordination of anti-fraud activities with other State agencies in order to improve the procedures and protocols for the detection and prevention of Medicaid fraud.

In addition, the Budget advances a series of statutory reforms to improve the State's ability to combat Medicaid fraud including the establishment of a False Claims Act to allow private persons to bring civil actions for damages and a Martin Act to strengthen the Attorney General's authority to investigate and prosecute health care fraud. Other statutory measures include: strengthening criminal penalties for certain fraudulent health care practices, establishing whistleblower protections for employees reporting health care fraud, permitting prosecutions for the possession of diverted prescription drugs, changing the court venue consistent with the practice used for other State agencies and providing OMIG with access to vital statistics, Tax Department and Wage Compensation Board records.

PROGRAM HIGHLIGHTS

The Medicaid program was established by the Federal government in 1965 as a health insurance program for the poor. Absent any additional reforms, New York's Medicaid program would cost \$48.7 billion in 2007-08. Medicaid provides coverage to nearly 4 million New Yorkers.

The Department of Health now processes more than 400 million Medicaid claims annually to approximately 60,000 active health care providers offering a wide range of services including nursing facility care, inpatient and outpatient hospital care, home health care, physician services, pharmaceuticals, and other services.

The 2007-08 Executive Budget provides the resources needed to support the Office of Medicaid Inspector General's mission to prevent, detect, investigate and prosecute Medicaid fraud.

ALL FUNDS APPROPRIATIONS (dollars)				
Category	Available 2006-07	Appropriations Recommended 2007-08	Change	Reappropriations Recommended 2007-08
State Operations	96,096,000	97,995,000	1,899,000	33,536,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
Total	96,096,000	97,995,000	1,899,000	33,536,000

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Program	Full-Time Equivalent Positions (FTE)		
	2006-07 Estimated FTEs 03/31/07	2007-08 Estimated FTEs 03/31/08	FTE Change
	Medicaid Audit and Fraud Prevention		
General Fund	245	323	78
Special Revenue Funds - Federal	260	339	79
Special Revenue Funds - Other	16	16	0
Total	521	678	157

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STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

<u>Fund Type</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
General Fund	29,631,000	32,052,000	2,421,000
Special Revenue Funds - Federal	58,265,000	60,686,000	2,421,000
Special Revenue Funds - Other	8,200,000	5,257,000	(2,943,000)
Total	<u>96,096,000</u>	<u>97,995,000</u>	<u>1,899,000</u>
Adjustments:			
Transfer(s) From			
Health, Department of			
General Fund (Aid To Localities)	(500,000)		
Medicaid Inspector General, Office of the			
General Fund	(3,192,000)		
Transfer(s) To			
Medicaid Inspector General, Office of the			
Special Revenue Funds - Federal	3,192,000		
Appropriated 2006-07	<u>95,596,000</u>		

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

<u>Program</u>	<u>Available 2006-07</u>	<u>Recommended 2007-08</u>	<u>Change</u>
Medicaid Audit and Fraud Prevention			
General Fund	33,331,000	35,752,000	2,421,000
Special Revenue Funds - Federal	58,265,000	60,686,000	2,421,000
Special Revenue Funds - Other	4,500,000	1,557,000	(2,943,000)
Maintenance Undistributed			
General Fund	(3,700,000)	(3,700,000)	0
Special Revenue Funds - Other	3,700,000	3,700,000	0
Total	<u>96,096,000</u>	<u>97,995,000</u>	<u>1,899,000</u>

STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2007-08 RECOMMENDED (dollars)

<u>Program</u>	<u>Total</u>		<u>Personal Service Regular (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Medicaid Audit and Fraud Prevention	17,008,000	1,328,000	16,851,000	1,328,000
Total	<u>17,008,000</u>	<u>1,328,000</u>	<u>16,851,000</u>	<u>1,328,000</u>
<u>Program</u>	<u>Temporary Service (Nonannual Salaried)</u>		<u>Holiday/Overtime Pay (Annual Salaried)</u>	
	<u>Amount</u>	<u>Change</u>	<u>Amount</u>	<u>Change</u>
Medicaid Audit and Fraud Prevention	1,000	0	156,000	0
Total	<u>1,000</u>	<u>0</u>	<u>156,000</u>	<u>0</u>

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**STATE OPERATIONS - GENERAL AND OFFSET FUNDS
SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED
APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	18,744,000	1,093,000	973,250	184,250
Total	<u>18,744,000</u>	<u>1,093,000</u>	<u>973,250</u>	<u>184,250</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	288,500	65,500	4,266,000	660,000
Total	<u>288,500</u>	<u>65,500</u>	<u>4,266,000</u>	<u>660,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	1,017,250	183,250	12,199,000	0
Total	<u>1,017,250</u>	<u>183,250</u>	<u>12,199,000</u>	<u>0</u>

**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS
SUMMARY OF APPROPRIATIONS AND CHANGES
2007-08 RECOMMENDED
(dollars)**

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	62,243,000	(522,000)	19,003,000	885,000
Maintenance Undistributed	3,700,000	0	0	0
Total	<u>65,943,000</u>	<u>(522,000)</u>	<u>19,003,000</u>	<u>885,000</u>

Program	Nonpersonal Service		Maintenance Undistributed	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	31,740,000	(1,407,000)	11,500,000	0
Maintenance Undistributed	0	0	3,700,000	0
Total	<u>31,740,000</u>	<u>(1,407,000)</u>	<u>15,200,000</u>	<u>0</u>