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*****ATTACHMENT*****

Cox Proposes Innovative Plan to Attack Medicaid Fraud Potential \$100 Million in Savings Would Protect Taxpayers and Ensure Care is Available

LANSING – Michigan Attorney General Mike Cox, joined by Rep. Bob Genetski and Sen. Roger Kahn, today announced the introduction of legislation that would take the fight against Medicaid fraud to the next level by creating a Michigan Office of Medicaid Inspector General.

"Criminal operators are fleecing Michigan tax payers for millions in fraud," said Cox. "By putting this innovative plan in place, we can save millions of tax dollars and ensure care is available for those who need it."

With estimates that up to 10 percent of Michigan's \$10 billion Medicaid budget is tainted by fraud, waste or abuse, Cox said it is clear Michigan must take the aggressive step of creating a state-level Office of Medicaid Inspector General (OMIG) to tackle this growing problem.

Efforts by Cox's Medicaid Fraud Control Unit have recovered a record \$143 million since he took office, more than seven times the amount collected by Michigan's previous two attorneys general. However, state prosecutors have received about 70% of their cases in recent years from sources outside of the Michigan Department of Community Health (MDCH), the state agency with the primary responsibility for uncovering waste, fraud and abuse.

In an effort to increase the number of cases being investigated for civil or criminal action, OMIG would be empowered to oversee and audit Medicaid system contracts, perform on-site inspections and audits of facilities where records are kept by Medicaid recipients, accept and investigate complaints from the public, subpoena and enforce the participation of witnesses, and refer criminal and civil cases to the Attorney General. OMIG would operate independently from MDCH, and its leader would be appointed directly by the governor to ensure autonomy from state Medicaid program administrators.

Federal authorities have been critical of the less-than-aggressive efforts of state Medicaid integrity programs to root out fraud and abuse, which led to the creation of the State of New York's program in 2005. There, the state government also created an independent inspector to ensure a more aggressive oversight system. Its Inspector General observed at the time, "that co-location of functions creates an obvious and inevitable conflict, as pressure to pay providers constantly battles with efforts to ensure monies are not misspent."

Cox said that New York's success—it recovered \$551 million in 2008—is a prime example of Michigan falling behind other states which are using innovations to save money. Five other states are also using some type of independent Medicaid Inspector General, including: Texas, Illinois, Florida, Kansas, and New Jersey.

Sen. Kahn, sponsor of the Senate version, commented that Michigan should be a leader on spending reform and management of taxpayer dollars since more than 22% of state General Fund revenues are being spent on Medicaid.

"I am grateful for Attorney General Mike Cox's leadership on saving our money," said Kahn, of Saginaw Township. "During difficult economic times like these, it is even more important to spend our money wisely. I want to thank Mike Cox for his help and leadership."

Rep. Genetski, sponsor of the House version, said that increased efforts are necessary to fight fraud in Michigan's exploding Medicaid budget, which has grown 88% since 1999, according to the House Fiscal Agency.

"Michigan faces another massive budget deficit, and another tax increase is simply not an option," said Genetski, of Saugatuck. "Other states have had great success

Cox Proposes Innovative Plan to Attack Medicaid Fraud

July 8, 2009

Page 2

clamping down on waste and fraud, and we should follow their example. If recovering hundreds of millions of taxpayer dollars can help balance the budget without raising taxes, then what are we waiting for?"

Attorney General Cox is a leader on fighting Medicaid fraud. He previously proposed Michigan's Medicaid Whistleblower's Act statute, which became law in 2005. If you suspect fraud, please contact the Health Care Fraud Division Hotline at 800-24-ABUSE (800-242-2873) or visit the Attorney General's website at www.michigan.gov/ag.