

POLICY POSITION

1. REGARDING THE IMPACT OF MEDICAID FRAUD ON SOUTHERN STATES

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) estimates that the combined effect of Medicaid overpayments and fraud costs state and federal taxpayers over \$20 billion each year. The states and the federal government remain in the grips of a historic fiscal crisis. Medicaid payment errors and fraudulent transactions impede the ability of qualified patients from receiving the care they need and impact the ability of reputable care providers from receiving appropriate and legal compensation. Despite recent federal investments in improving the integrity of the Medicaid program, disparities in how program integrity efforts are funded, one-size fits all approaches, poor coordination between Medicaid and Medicare and flaws in how state payment errors are measured have limited the ability of states to develop and deploy effective program integrity solutions.

RECOMMENDATION

The Southern Legislative Conference of The Council of State Governments urges Congress and CMS to partner with states to craft effective program integrity solutions and improve data collection by:

1. Providing the same Federal Medical Assistance Programs match (75 percent) for state program integrity offices that work to prevent fraud on the front-end as is currently provided to state Medicaid Fraud Control Units that prosecute fraud;
2. Redirecting CMS investments in Medicaid Integrity Contractor audits, which is shown by the Office of the Inspector General to cost more than they recover and burden both states and the provider community, to fund competitive grants to states to strengthen their own audit efforts, invest in predictive analytic tools similar to those used by credit card companies or support other state-specific solutions;
3. Ensuring close coordination between Medicare and Medicaid programs, creating a single data repository, and ending the current prohibition on the ability of states to use Medicare data; and
4. Improving the Payment Error Rate Monitoring system, which currently provides information on state payment error rates, to account for differences in state program rules and to ensure that the system accurately tracks the scale and scope of the payment error problem rather than obscuring major overpayments and fraudulent transactions by grouping them together with under- and overpayments of nominal sums caused by clerical error or other factors.

The Southern Legislative Conference of The Council of State Governments requests that a copy of this policy position be forwarded to the Southern Congressional delegation, secretary of the U.S. Department of Health and Human Services, and the president of the United States.