

# **OFFICE OF THE MEDICAID INSPECTOR GENERAL**

## **MISSION**

The Office of the 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 six bureaus — Information Technology and Fraud Detection Systems, Investigations and Enforcement, Medicaid Audit, Revenue Initiatives, Administration and Office of the Counsel — and will have a workforce of 753 positions in 2008-09

## **BUDGET HIGHLIGHTS**

The 2008-09 Executive Budget recommends **\$92 million All Funds (\$36 million General Fund, \$56 million Other Funds)** to support the operations of the Office of Medicaid Inspector General. This is a decrease of **\$6.2 million (an increase of \$4.0 million General Fund, and a decrease of \$10.2 million Other Funds)** from the 2007-08 Budget. This net change reflects the costs of new positions, additional resources for technology investments and an adjustment in the Federal appropriation to reflect anticipated spending.

The 2008-09 Executive Budget recommends **753 FTEs** for OMIG, an **increase of 227** which reflect 75 new staff and the hiring of currently authorized staff. Approximately 48 percent of the positions are supported by the General Fund and the remaining 52 percent are supported by Federal and other funds.

Major budget actions include:

- **New Positions:** The Executive Budget adds \$5.5 million (\$2.7 million General Fund) to support 75 new auditors, investigators and other positions to improve the State's ability to combat fraud, waste and abuse in the Medicaid Program. New staff will be used to enhance OMIG's investigative capabilities, expand audits of rate-based providers, and perform recovery, legal and internal control activities.

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- **Technology Investments:** The Executive Budget recommends an additional \$8 million (\$4 million General Fund) to obtain new data mining software products and expand the Card Swipe Program, which allows Medicaid providers to validate the identity of individuals using the Medicaid card.
- **Statutory Enhancements:** The Budget advances a series of statutory measures to improve the State's ability to combat Medicaid fraud by providing civil remedies for the misappropriation of Medicaid funds and expanding OMIG's access to tax information and complaints filed under the State False Claims Act.

### **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 \$47.3 billion in 2008-09. 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 2008-09 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)**

<b>Category</b>	<b>Available 2007-08</b>	<b>Appropriations Recommended 2008-09</b>	<b>Change</b>	<b>Reappropriations Recommended 2008-09</b>
State Operations	97,995,000	91,839,000	(6,156,000)	31,243,000
Aid To Localities	0	0	0	0
Capital Projects	0	0	0	0
<b>Total</b>	<b>97,995,000</b>	<b>91,839,000</b>	<b>(6,156,000)</b>	<b>31,243,000</b>

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

##### **Full-Time Equivalent Positions (FTE)**

<b>Program</b>	<b>2007-08 Estimated FTEs 03/31/08</b>	<b>2008-09 Estimated FTEs 03/31/09</b>	<b>FTE Change</b>
Medicaid Audit and Fraud Prevention			
General Fund	323	361	38
Special Revenue Funds - Federal	339	376	37
Special Revenue Funds - Other	16	16	0
<b>Total</b>	<b>678</b>	<b>753</b>	<b>75</b>

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

Fund Type	Available 2007-08	Recommended 2008-09	Change
General Fund	32,052,000	36,044,000	3,992,000
Special Revenue Funds - Federal	60,686,000	50,610,000	(10,076,000)
Special Revenue Funds - Other	5,257,000	5,185,000	(72,000)
Total	<u>97,995,000</u>	<u>91,839,000</u>	<u>(6,156,000)</u>

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

Program	Available 2007-08	Recommended 2008-09	Change
Medicaid Audit and Fraud Prevention			
General Fund	35,752,000	39,744,000	3,992,000
Special Revenue Funds - Federal	60,686,000	50,610,000	(10,076,000)
Special Revenue Funds - Other	1,557,000	1,485,000	(72,000)
Maintenance Undistributed			
General Fund	(3,700,000)	(3,700,000)	0
Special Revenue Funds - Other	3,700,000	3,700,000	0
Total	<u>97,995,000</u>	<u>91,839,000</u>	<u>(6,156,000)</u>

## STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	21,000,000	3,992,000	20,900,000	4,049,000
Total	<u>21,000,000</u>	<u>3,992,000</u>	<u>20,900,000</u>	<u>4,049,000</u>

Program	Temporary Service (Nonannual Salaried)		Holiday/Overtime Pay (Annual Salaried)	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	0	(1,000)	100,000	(56,000)
Total	<u>0</u>	<u>(1,000)</u>	<u>100,000</u>	<u>(56,000)</u>

## STATE OPERATIONS - GENERAL AND OFFSET FUNDS SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2008-09 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	18,744,000	0	973,250	0
Total	<u>18,744,000</u>	<u>0</u>	<u>973,250</u>	<u>0</u>

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	288,500	0	6,516,000	2,250,000
Total	<u>288,500</u>	<u>0</u>	<u>6,516,000</u>	<u>2,250,000</u>

Program	Equipment		Maintenance Undistributed	
	Amount	Change	Amount	Change
Medicaid Audit and Fraud Prevention	2,767,250	1,750,000	8,199,000	(4,000,000)
Total	<u>2,767,250</u>	<u>1,750,000</u>	<u>8,199,000</u>	<u>(4,000,000)</u>

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**STATE OPERATIONS - OTHER THAN GENERAL FUND AND OFFSET FUNDS  
SUMMARY OF APPROPRIATIONS AND CHANGES  
2008-09 RECOMMENDED  
(dollars)**

<b>Program</b>	<b>Total</b>		<b>Personal Service</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Medicaid Audit and Fraud Prevention	52,095,000	(10,148,000)	22,886,000	3,883,000
Maintenance Undistributed	3,700,000	0	0	0
Total	<u>55,795,000</u>	<u>(10,148,000)</u>	<u>22,886,000</u>	<u>3,883,000</u>

  

<b>Program</b>	<b>Nonpersonal Service</b>		<b>Maintenance Undistributed</b>	
	<b>Amount</b>	<b>Change</b>	<b>Amount</b>	<b>Change</b>
Medicaid Audit and Fraud Prevention	22,709,000	(9,031,000)	6,500,000	(5,000,000)
Maintenance Undistributed	0	0	3,700,000	0
Total	<u>22,709,000</u>	<u>(9,031,000)</u>	<u>10,200,000</u>	<u>(5,000,000)</u>