



AUG 30 2005

The Honorable Dean G. Skelos
Deputy Majority Leader
New York State Senate
503 State Capitol Building
Albany, New York 12247

Dear Senator Skelos:

Secretary Leavitt has asked me to thank you for your letter regarding New York State's utilization of Federal Medicaid fraud prevention and recovery funding and to respond to you directly. Your July 19, 2005, letter was cosigned by the Honorable Ralph Regula and the Honorable John E. Sweeney.

The State Medicaid Fraud Control Units (MFCUs) investigate and prosecute Medicaid provider fraud, patient abuse or neglect, and fraud in the administration of the program. Within the Department of Health and Human Services, oversight responsibility for the MFCUs resides with my office, the Office of Inspector General (OIG). As part of our oversight activity, we conduct onsite reviews of the MFCUs, assessing and evaluating the Units' compliance with certain performance standards which were developed jointly by OIG and the National Association of MFCUs.

The New York MFCU was not among the Units that are currently scheduled for a performance review. However, based on your letter, we are coordinating a near-term review of New York's Unit, with onsite work to take place in mid to late October. We will follow the established standards that apply to all MFCUs to evaluate whether the Unit:

- conforms with all applicable statutes, regulations, and policy directives;
- maintains staff levels in accordance with staffing allocations approved in its budget;
- has established policies and procedures for its operations and maintains appropriate case management and case tracking systems;
- takes steps to ensure it maintains an adequate workload through referrals from the single State agency and other sources;
- has a case mix that covers all significant provider types;
- maintains a continuous case flow and completes cases in a reasonable time;

- has a process for monitoring the outcome of cases;
- cooperates with OIG and other Federal agencies, whenever appropriate and consistent with the MFCU's mission, in investigating and prosecuting health care fraud;
- makes statutory or programmatic recommendations, when necessary, to the State government;
- periodically reviews its Memorandum of Understanding with the single State agency and seeks amendments, as necessary, to ensure it reflects current law and practice;
- exercises proper fiscal control over Unit resources; and
- maintains an annual training plan for all professional disciplines.

If significant noncompliance with the standards is found, it may be necessary to perform additional analysis of the conditions. Once our evaluation is complete, we will issue a draft report to the MFCU for review and comments. We will then contact your staff at the point we are ready to issue a final report, hopefully soon after the end of this calendar year.

We appreciate your interest in this matter. I will also provide this response to the Honorable Ralph Regula and the Honorable John E. Sweeney. If you have further thoughts or questions, please call me, or have your staff call Stuart Wright, Director of External Affairs, at (202) 205-9523.

Sincerely,



Daniel R. Levinson
Inspector General