



Congress of the United States
House of Representatives
Washington, DC 20515-3220

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AD HOC COMMITTEE ON IRISH AFFAIRS

July 19, 2005

Honorable Michael O. Leavitt
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Leavitt:

For the last four decades, Medicaid has provided hundreds of millions of Americans with access to comprehensive and affordable health care. While the program has advanced this laudable objective, the *New York Times* published articles on July 18, 2005 and July 19, 2005 detailing pervasive fraud and abuse within New York State's Medicaid system, thereby imposing an undue burden on taxpayers and diverting funds from disadvantaged New Yorkers, seniors and others that Medicaid was intended to serve.

To ensure the propriety of the states' respective Medicaid programs and the proper use of public resources, the federal government provides substantial funding to support Medicaid fraud detection and recovery activities, including 75% of the expenses involved with the states' Medicaid Fraud Control Units ("MFCUs"). In the 2004-2005 state fiscal year, New York received \$61,304,000 for the Department of Health's ("DOH") Office of Medicaid Audit and Fraud Prevention and \$32,067,000 for its MFCU, as located within the Office of the Attorney General. To this end, these federal funds supported 246 full-time equivalent DOH positions and 208 such employees of the Attorney General.

Although New York State's Medicaid expenditures exceed that of the nation's second largest program by 33% and its federal fraud prevention funding/staffing dramatically eclipse that of other states, New York has failed to achieve commensurate results. Notwithstanding a \$30.8 million recovery negotiated by the National Association of Medicaid Fraud Control Units, New York State's MFCU garnered approximately \$32 million in 2004—or less than one-tenth of one percent of the state's Medicaid budget.

In 2003, New York State's MFCU secured over \$6 million less than it received in federal funding. In contrast, Texas, California, Florida and New Jersey each recovered more than New York State, with significantly fewer MFCU employees, significantly less federal assistance and markedly smaller Medicaid budgets. During the three-year period federal fiscal year 2001-2003, New York State's MFCU recovered a mere \$.72 for every one dollar in federal grant funding it received. As compared with the three-year average rates of return for California (\$1.98), Florida (\$3.14), Texas (\$4.96) and New Jersey (\$5.76), New York State's anemic performance buttresses the anecdotal evidence cited by the *New York Times*.

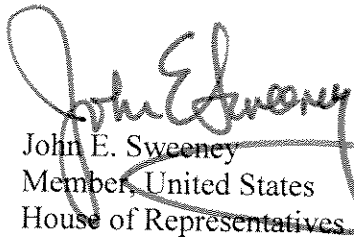
To address this disconcerting situation, we respectfully request a formal United States Department of Health and Human Services' ("HHS") audit of New York State's utilization of federal Medicaid fraud prevention and recovery funding, including a detailed analysis of investigations initiated and claims filed by the state MFCU's seven regional offices located in Buffalo, Rochester, Syracuse, Albany, Pearl River, New York City and Long Island.

Medicaid exemplifies the cooperative federal-state partnership conceived by the Founding Fathers. Through the HHS audit requested herein, New York State will possess the information necessary to reform and enhance its Medicaid program, mitigate the expropriation of public funds and protect taxpayers.

Sincerely,



Ralph Regula
Chairman, Labor, HHS,
Education Appropriations,
U.S. House of Representatives



John E. Sweeney
Member, United States
House of Representatives

Dean G. Skelos
Deputy Majority Leader,
New York State Senate

cc: Daniel R. Levinson, Inspector General,
U.S. Department of Health and Human Services