Antifraud Effort Could Help Trim Medicaid Costs

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Contributing Writer

WASHINGTON — Private bounty hunters are one way to fight fraud in the Medicaid program, according to Stan Dorn, J.D., senior analyst at the Economic and Social Research Institute.

Successfully used by Medicare, the bounty hunter approach allows whistle-blowers to share in funds recovered through prosecutions under the False Claims Act. According to recommendations developed by Andy Schneider, J.D., Medicaid policy expert for Taxpayers Against Fraud, Congress could bolster Medicaid whistle-blower opportunities by increasing federal payments to states that enact their own False Claims Act and by offering whistle-blowers a minimum of 20% of the federal share of any recovered funds.

At a policy forum sponsored by the American Public Health Association, Mr. Dorn included enhanced fraud reduction efforts among nine budget-cutting options that would trim the cost of the program without capping spending or enrollment. Congress is expected to propose Medicaid program changes this year that will cut $10 billon in federal spending over 5 years.

Mr. Dorn offered other cost savings ideas, such as improving case management for the chronically ill and implementing community-based obesity prevention strategies. The Bush administration in its fiscal year 2006 budget proposed reducing Medicaid funding by reforming the program's drug purchasing system and limiting asset transfers that qualify seniors for long-term care.

Limits on spending and benefits are not part of any current federal budget plans, but lawmakers are looking broadly at Medicaid reform proposals; caps could be considered as part of those, Mr. Dorn noted at the forum, cosponsored by the Joint Center for Political and Economic Studies.

Not only would caps affect Medicaid recipients, but they could prove detrimental to the economy, Mr. Dorn said. Medicaid must provide benefits to all of those eligible, so most of the program is economically "countercyclical," he said, meaning it expands as the economy contracts. This makes health benefits available to low-income individuals and contributes to the flow of funds to health care providers and, in turn, other sectors of the economy.

To capitalize on Medicaid's stabilizing effects, Mr. Dorn suggested that federal matching rates could automatically rise when the economy slows. ■

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