The Battle Over Medicaid Audits

By Jason Beeferman | Politico Pro | March 29, 2024

Assemblymember Amy Paulin agrees with stopping fraud and abuse within the Medicaid system. But she also wants to stop the state's Medicaid Inspector General from punishing "already stretched and understaffed" Medicaid providers for unintentional clerical errors.

"They're jeopardizing health care providers that are doing a good job, not committing fraud in any way," Paulin said.

Paulin and Sen. Pete Harckham are promoting a bill that would change the way the state's Office of the Medicaid Inspector General performs audits. It would also adjust the standards for the recovery of payments after an audit.

The bill, A.6813-B/S.5329-D, has bipartisan support from over 40 cosponsors in the two Houses, but its merits are contested by OMIG.

"This legislation would modify the OMIG's ability to enforce such standards by limiting the audit and recovery of Medicaid claims that were improperly justified," office spokesperson Bill Schwarz said in a statement.

Proponents of the bill contend that OMIG issues fines and penalties for "technical errors." But OMIG says audit recoveries are not penalties or fines. Instead, the audits only ask providers to return any money paid inappropriately.

"Monies paid to providers to which they are not entitled must be returned to the State," OMIG said in a second statement, adding that the audits reflect what is required under regulation and state and federal law.

Still, lawmakers say they've heard from Medicaid providers in their districts that were the subject of unfair treatment.

Assemblymember Harvey Epstein, one of the bill's cosponsors, said abortion provider ParkMed, located in his district, was "targeted" by OMIG and fined nearly $1 million for "correctable technical errors" that occurred when the provider switched electronic billing systems.

"The tactics used during Medicaid audits conducted by the NYS OMIG are needlessly punitive and, ultimately, ineffective in preventing fraud and abuse in the healthcare system," he said in a statement.