

**Health and Senior Services Commissioner
Heather Howard
Assembly Budget Committee Hearing on Medicaid
Tuesday, April 8, 2008
9:30 am**

Good morning Chairman Greenwald and Distinguished members of the Assembly Budget Committee.

I appreciate this opportunity to join Attorney General Milgram and Commissioner Velez to discuss Medicaid, the vital health care safety net program for our low-income families and many seniors.

A critical mission of the Department of Health and Senior Services is making health care as accessible as possible for all of our residents. This includes overseeing the health care delivery system and making sure that each community has access to high quality care. In addition, the Department oversees \$2.2 billion in state and federal Medicaid dollars that go to nursing homes, adult medical day care, and other community based long-term care services.

I am pleased to report that we are undertaking some exciting work to support our seniors.

For example, we are facilitating a shift away from nursing homes toward community-based options through the Global budgeting process. In fact, over the last two years, more than 1,000 senior citizens have moved out of nursing homes and into the community. These home and community based options are preferred by seniors and are more cost-effective.

And as promised, as part of the Global Budget process, we have moved forward with the state-wide fast tracking of all home and community-based placement pending determination of Medicaid eligibility.

In these tough budget times, it is vital that we preserve all of our health care dollars for the purposes for which they were intended. It is an unfortunate reality that some people will try to take advantage of the system and we must remain vigilant to stop fraud and abuse while maintaining access for those who genuinely need and qualify for our programs.

I believe, the best way to stop fraud, waste and abuse is to prevent it from happening at all. That is why we try to address potential problems in advance as much as possible in our programs by creating mechanisms to detect fraud and establishing disincentives to commit these crimes. Let me explain some of the ways we do so:

For nursing homes, beneficiaries are pre-screened for medical necessity and county welfare offices determine their financial eligibility for Medicaid, and this is re-checked annually. In addition, the Department audits nursing home cost reports.

For medical day care services, in response to the auditor report of 2002, the Department implemented a provider moratorium. That has since been lifted, but we now require prior authorization for services.

For charity care, we audit claims from the hospitals. Duplicate claims are reconciled yearly between charity care and Medicaid and we hope to soon begin doing this automatically.

In addition, we will stop paying charity care claims for newborns altogether because they should be presumptively eligible for Medicaid. Last week, Commissioner Velez and I sent a letter to providers to alert them of this policy.

We must continually work to refine our processes to ensure program integrity and to safeguard public dollars.

I look forward to your questions and suggestions.