



Legislation Text

File #: Res 1075-2005, **Version:** *

Res. No. 1075

Resolution urging the New York State Legislature and Governor Pataki to join the New York City Council in its fight against Medicaid fraud and other forms of fraud on the public fisc by enacting A.8107 and S.3895, companion bills similar to Local Law 53, that would create a statewide false claims act.

By The Speaker (Council Member Miller) and Council Members Comrie, Fidler, Gentile, Gerson, Liu, McMahon, Nelson, Palma, Recchia Jr., Sanders Jr., Vallone Jr. and Weprin

Whereas, It was recently reported in the New York Times that Medicaid fraud in New York costs state residents millions of dollars annually; and

Whereas, The Times article further outlined the failure of the State to adequately monitor Medicaid claims and to curb fraud and corruption in the program; and

Whereas, Indeed, it was reported that although the cost of the Medicaid program has grown sharply over the past decade to over \$44 billion, the state has cut funding for oversight and fraud detection; and

Whereas, Following the disclosure of these failures, Governor Pataki proposed an overhaul of the state's oversight of its Medicaid program; and

Whereas, Governor Pataki's proposal, however, did not include a simple but effective measure that has been used by the federal government, other states and the City of New York in helping to curb Medicaid fraud and recover funds obtained through fraudulent Medicaid claims; and

Whereas, The federal False Claims Act authorizes a private citizen with knowledge of fraud in government programs to file a lawsuit in the name of the government and to receive a share of the recovery; and

Whereas, On May 11, 2005, the Council passed Local Law 53, the New York City False Claims Act, which, like the federal False Claims Act, gives private citizens who act as whistleblowers by providing

information about fraudulent claims to the City with a portion of the funds recovered, and also provides for substantial penalties for submitting fraudulent claims for payment to the City; and

Whereas, Sharing the proceeds of such civil actions for fraud with private citizens has proven to be a particularly strong and effective incentive for bringing information about fraud to the attention of the government; and

Whereas, Indeed, the Department of Justice has reported that of the \$2.1 billion in False Claims Act recoveries in 2003, \$1.48 billion came from suits initiated by whistleblowers in which they were rewarded a total of \$319 million; and

Whereas, According to a study published by Taxpayers Against Fraud, health care fraud recoveries under the federal False Claims Act from 1998 to 2003 represent a \$13 return to the American people on every \$1 invested in health care fraud investigation and prosecution; and

Whereas, Local Law 52, which will take effect in New York City in August, 2005, is conservatively estimated to save the City over \$30 million each year at minimal cost to the City and will strengthen the City's ability to combat and curb Medicaid fraud; and

Whereas, At least 15 states, including California, Florida and Texas, have enacted false claims laws like Local Law 52; and

Whereas, The federal False Claims Act has been particularly effective in rooting out and recovering funds obtained through Medicaid fraud; and

Whereas, Indeed, according to the Department of Justice, in 2003, the federal government recouped \$2.1 billion under the False Claims Act in which \$1.7 billion came from health care companies and providers; and

Whereas, It appears that False Claims Acts are a particularly inexpensive but effective way to curb Medicaid fraud by enlisting the assistance of the public; now, therefore, be it

Resolved, That the Council of the City of New York urges the New York State Legislature and Governor

Pataki to join the New York City Council in its fight against Medicaid fraud and other forms of fraud on the public fisc by enacting A.8107 and S.3895, companion bills similar to Local Law 53, that would create a statewide false claims act.

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