OIG NEWS

Office of Inspector General
330 Independence Ave., SW.
Washington, DC 20201
(202) 619-1343

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OIG Reports $35.4 Billion in Savings and Recoveries

The Department of Health and Human Services (HHS) Office of Inspector General (OIG) Semiannual Report to Congress reported total fiscal year (FY) 2005 savings and expected recoveries of nearly $35.4 billion, more than doubling savings and recoveries since FY 2000.

Specifically, OIG's FY 2005 $35.4 billion in savings encompasses $32.6 billion in implemented recommendations to put funds to better use, $1.2 billion in audit receivables, and $1.6 billion in investigative receivables.

Also for this reporting period, OIG reported exclusions of 3,806 individuals and entities for fraud or abuse of Federal health care programs and/or their beneficiaries; 537 criminal actions against individuals or entities that engaged in crimes against departmental programs; and 262 civil actions, which include False Claims Act and unjust enrichment suits filed in district court, Civil Monetary Penalties Law settlements, and administrative recoveries related to provider self-disclosure matters.

OIG continues to be an aggressive force within HHS to improve the efficiency and effectiveness of the Department and to punish those who defraud its programs. OIG is dedicated to maintaining public credibility of HHS programs.

OIG enforcement action in the second half of FY 2005 included the HealthSouth Corporation fraud settlement of $325 million plus interest paid to the U.S. Government. HealthSouth also entered into a 5-year corporate integrity agreement with OIG. The settlement resolved allegations of Medicare Part A cost report fraud uncovered during the Government's investigation of the company's financial statements. The settlement also resolved allegations that the company submitted false claims to Medicare Part B for certain outpatient physical therapy services.

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Also among OIG FY 2005 accomplishments were two audits of New York City's Medicaid claims for school-based services. One report found that 86 sampled claims for speech services did not comply with Federal and State requirements. In the second report, none of the sampled claims for transportation services complied with all Federal and State requirements. OIG recommended that the State refund $532 million to the Federal Government, resolve an additional $12 million in set-aside claims, and provide proper and timely guidance on Federal Medicaid criteria to New York City.

OIG testified before the Senate Finance Committee in late June regarding States' use of Medicaid financing mechanisms and pricing of Medicaid prescription drugs. Intergovernmental transfers (IGT), one such State financing mechanism, are transfers of non-Federal public funds between local public Medicaid providers and State Medicaid agencies. Misuse of IGTs circumvents the Federal/State Medicaid partnership and increases Federal payments to States at the expense of the intended beneficiaries. One example of IGTs involves upper-payment-limit (UPL) funds, which are intended to reimburse Medicaid providers but are often retained by the States. OIG audits identified several nursing homes in which the quality of care was adversely affected because they were not allowed to retain enough UPL funds to provide adequate staffing. In addition, OIG, in a series of 3 evaluation reports, found that statutorily defined prices for prescription drugs in the Medicare and Medicaid programs based on actual sales were substantially lower than published prices (average wholesale price) and wholesale acquisition costs.

The Semiannual report describes OIG investigations and evaluation and audit reports finalized during the reporting period. This publication is a significant indicator of the progress OIG has made and the challenges the Department faces in achieving even greater economy and efficiency.

To read more about OIG activities to identify fraud and abuse involving HHS programs, go to: http://oig.hhs.gov/publications/docs/semiannual/2005/SemiannualFall05.pdf