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Medicaid: Waste, Fraud and Abuse

A 2001 GAO report on Medicaid stated, “The magnitude of improper payments throughout Medicaid is unknown. ...An even more difficult portion of improper payments to identify are those attributable to intentional fraud. ..There are no reliable estimates of the extent of improper payments throughout the Medicaid program.”

Source: GAO, GAO-01-662, June 2001

In a recent Florida case, the owner of a medical billing company was found guilty of over \$2.4 million in health care fraud, specifically in both Medicaid and Medicare. The individual submitted false claims to Medicaid for both physician evaluations and management services not actually rendered.

Source: HHS, OIG, Semiannual Report,
October 1, 2004 - March 31, 2005

In 2004, an HHS Office of the Inspector General investigation found that, in a three-year period, a New York nursing home collected a total of \$132 million from the Medicaid program, while the facility’s operating expenses for that same time frame totaled only \$70 million. According to the report, “In effect, the Federal Government provided almost all of the nursing home’s Medicaid funding, contrary to the principle that Medicaid is a shared Federal-State responsibility.”

Source: HHS, OIG, Semiannual Report,
April 1, 2004 - September 30, 2004

In 1999 and 2000, several Alabama and Ohio hospitals were overpaid by the Medicaid disproportionate share hospital payments by \$146 million, \$93 million of which was from the Federal funding share.

Source: HHS, OIG, Semiannual Report,
April 1, 2004 - September 30, 2004

In 2000, the state of Kansas attempted to estimate the accuracy of its Medicaid payments. They reported an “estimated payment accuracy rate of 76% with a margin of error of Kansas, in 2000, reported an estimated payment accuracy rate of +/- 9 percentage points.” The report outlined “commonly identified errors,” such as, claims for treatments and services that were unnecessary or not covered by Medicaid and over reimbursement for claims.

Source: GAO, GAO-01-662, June 2001