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SCHAKOWSKY RAISES CONCERNS REGARDING FINANCIAL MANAGEMENT OF MEDICAID

WASHINGTON, D.C. - During a House Government Efficiency Subcommittee hearing, Ranking member Jan Schakowsky (D-IL) today expressed concern about the financial management of Medicaid. She said, *"Every dollar of improper payment to a health care provider is a dollar that is not spent on those who most desperately need health care."*

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Below is the text of Schakowsky's opening statement.□ □

I am concerned about the financial management of the Medicaid program. Every dollar of improper payment to a health care provider is a dollar that is not spent on those who most desperately need health care.

Medicaid is a critical piece of our public safety net. However, it is a safety net with a lot of holes for people to fall through. The public thinks of Medicaid as low-income health insurance, but that is not the case. If you are not poor and disabled, poor and old, or poor and pregnant you don't qualify. Only 40% of those in poverty qualify for Medicaid.□ □

Nonetheless, Medicaid is critical to those who do receive it.□ □ Twenty-five percent of children under five rely on Medicaid for health care coverage. Eighteen percent of children between five and eighteen rely on Medicaid for health insurance. Over 15 million children rely on Medicaid. Without those services those children would go without health care.

These are the same children who are often forced to skip meals because there is no food in the house, and who sleep in apartments with inadequate heat and no air conditioning. These are the children who are the most likely to need health care.

On the other side of this equation are a few doctors and hospitals who are either too inefficient or careless to avoid billing twice for services. Or providers who scam the system by billing for services never performed.

Choosing between the two is an easy call.

The problem is what do we do about it? The decentralized nature of the Medicaid system means that efforts to address the problem will always be uneven. Half of the states spend no more than one-tenth of one percent of program expenditures on anti-fraud activities. There is more federal money available, but that would require the

state to spend more of its funds as well. If the federal government is paying 50 cents of every Medicaid dollar, as it is in Illinois, there is little incentive to spend money on fraud.

I hope our witnesses today will tell us what can be done to reduce the level of improper payments. Medicaid fraud threatens the welfare of the patients, and strains the capacity of the doctors and hospitals providing services by taking dollars away that would otherwise be available for patient treatment.

States struggle with the increasing cost of medical services, severe constraints on reimbursable costs, and ever declining allocations for administrative expenses. Just last month the House passed a welfare reform bill that cut the administrative funds for Medicaid. That means less money for eliminating improper payments, and less money for benefits. That just doesn't make sense.

I would like to thank the witnesses for taking the time to be here today, and I look forward to your comments.