

U.S. TRYING TO IMPROVE MEDICAID OVERSIGHT AFTER GAO REPORT April 1st, 2002

By Kristen Hallam

Bloomberg News

The U.S. Centers for Medicare and Medicaid Services is working with its regional offices and has hired a consultant to improve its financial oversight of Medicaid, the agency's administrator said.

Thomas Scully outlined the actions in a written response to a General Accounting Office report. The report found the U.S. wasn't doing enough to ensure states are correctly reporting their Medicaid expenses and fighting fraud and waste in the government health insurance program for the poor. The U.S. Centers for Medicare and Medicaid Services must monitor Medicaid's finances more closely because enrollment in the health insurance program for the poor and medical costs are rising, the GAO said. Total Medicaid spending grew 12 percent in 2001 is expected to rise 9 percent this year, CMS research shows.

"We intend to carefully consider the GAO recommendations and will address them to the extent we can, subject to resource limitations," Scully wrote in a letter to the GAO, the investigative arm of Congress.

Audits of states' Medicaid expenses annually find millions of dollars in questionable or unallowable costs, the GAO report found. Medicaid may be paying hospitals, doctors, health plans and other contractors for services that aren't covered or for patients who are no longer eligible for Medicaid, the GAO said.

The law requires that federal spending on Medicaid rise and fall with state spending. The U.S. government pays more than half of the costs of Medicaid, or \$119 billion in 2000, the GAO said.

As federal Medicaid expenses have grown, resources devoted to financial oversight have decreased, the GAO said.

"Our review found that CMS had only recently begun to assess areas of greatest risk for improper payments and thus did not have controls in place that focused on those areas," the GAO said.

Representatives Stephen Horn, a California Republican, and Jan Schakowsky, an Illinois Democrat, requested the report. Horn is chairman of the House Government Reform Committee's panel on government efficiency and financial management, and Schakowsky is the panel's ranking Democrat.