

New Incentive for State False Claims Acts

Section 6031 of the Deficit Reduction Act of 2005:

- **Financial incentive for States to enact false claims acts (FCA) to address Medicaid fraud**
- **State receives 10% increase in recoveries under qualified State FCA**

Requirements for Qualified State FCAs

OIG, in consultation with DOJ, must determine that the State FCA meets 4 requirements:

1. **Liability to the State for false or fraudulent claims described in Federal FCA**
2. **At least as effective in facilitating and rewarding *qui tam* actions as Federal FCA**
3. **Action under seal for 60 days with review by the State Attorney General**
4. **Civil penalty that is not less than the amount authorized under Federal FCA**

Review of State False Claims Acts

Status of State FCA Reviews

- **8/21/06: OIG published FR notice with guidelines for reviewing State FCAs (71 FR 48552)**
 - **Invited States to request State FCA reviews**
- **Requests, reviews, and approvals to date**

3

Medicare Supplier Fraud

Operation Equity Excise

- **Collaborative initiative – OIG, USAO, FBI, DOJ**
- **Worked with local financial institutions to review accounts of suspicious suppliers**
- **More than \$10 million voluntarily returned**
- **FCA complaints filed against more than 20 companies, seeking addt'l \$30 million**

4

Medicare Supplier Fraud

DMEPOS Supplier Compliance in S. FL

- **Collaborative initiative – OIG, CMS, NSC**
- **Conducted unannounced site visits of 1,581 DMEPOS suppliers in 3 S. Florida counties**
 - Focused on requirements of 3 supplier standards
- **Found significant noncompliance**
 - No physical facility
 - Facility not open and staffed
 - Open and staffed but did not meet other requirements

5

Medicare Supplier Fraud

Strengthening Supplier Standards

OIG Recommendations:

- **Require surety bonds**
- **Conduct more unannounced site visits**
- **Implement enhanced review of new applications**
- **Perform more rigorous background checks**
- **Increase pre-payment review of claims**
- **Require more frequent re-enrollment in high-risk areas**

6