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COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

June 18, 2012

Erie County Legislature
92 Franklin Street, Fourth Floor
Buffalo, New York 14202

Re: Personal Services Adjustments
Special Medicaid Investigator and Department of Social Services' Fiscal Unit

Dear Honorable Members:

When I took office, I signed an executive order creating a Medicaid Anti-Fraud Task Force to study the potential for the County conducting provider anti-fraud activities (auditing and investigations) in the Medicaid program, the single-largest expense in Erie County government.

In furtherance of this executive order, my administration has been in discussions with the New York State Office of the Medicaid Inspector General ("OMIG") concerning this initiative. Based on our discussions, OMIG has agreed to partner with the County on a provider anti-fraud initiative and to provide funding for three (3) positions.

This unit will serve to lower and help contain the cost of Medicaid through the active investigation of fraud and the subsequent recovery of illegally obtained Medicaid funds. The public presence of the unit will also serve to act as a deterrent to future waste, fraud or abuse.

Accordingly, the Erie County Department of Law, where the positions will be budgeted is requesting authorization to create three (3) positions: Confidential Investigator, job group 17, Senior Special Investigator, job group 10, and Confidential Aide, job group 6. These positions will be fully paid for through State money from OMIG and the New York State Office of Temporary and Disability Assistance. <u>There is no local share</u>.

In addition, I would like to strengthen the operation of the Department of Social Services ("DSS") fiscal unit. As you are aware there was a recent significant revenue accrual error made by the DSS fiscal unit in 2011 that has since been corrected. This error and other personnel issues in that unit have led my administration and Social Services Commissioner Carol Dankert to determine that additional senior oversight of all financial matters in the Department of Social Services is necessary. Annually the fiscal unit monitors over $564 million in direct spending along with an associated $260 million in revenue and DSS administers nearly $3 billion in client benefits.

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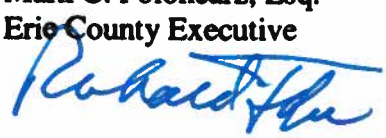
Accordingly, I am requesting approval to delete the vacant title of Assistant Deputy Commissioner-Social Svc. RPT and to add the position of Senior Executive Assistant-CE, job group 18, step 5 whose new incumbent will oversee the DSS fiscal unit. This position will be budgeted in the Division of Budget and Management but its incumbent will oversee all fiscal matters in DSS and report through the Commissioner of Social Services and the Director of Budget and Management. The position will be eligible for State Aid reimbursement.

If your Honorable Body requires further information, please contact County Attorney Michael Siragusa and/or Director of Budget and Management Robert Keating. Thank you for your consideration.

Sincerely,

Mark C. Poloncarz, Esq.
Erie County Executive



By: Richard M. Tobe
Deputy County Executive

MCP/tc
Enclosure

MEMORANDUM

To: Erie County Legislature
From: Department of Law and Division of Budget and Management
Re: Personal Services Adjustments - Special Medicaid Investigator and Department of Social Services' Fiscal Unit
Date: June 18, 2012

SUMMARY

Authorization is requested to create three (3) positions in the Department of Law to establish an auditing/investigation unit for provider-level Medicaid fraud: Confidential Investigator, job group 17, Senior Special Investigator, job group 10, and Confidential Aide, job group 6. These positions will be fully paid through State Aid funds from the New York State Office of the Medicaid Inspector General. There is no local share. Authorization to enter into contract and accept OMIG funds to support this initiative is included in the resolution.

Authorization is also requested to delete the vacant title of Assistant Deputy Commissioner-Social Svc. RPT in DSS and to add the position of Senior Executive Assistant-CE, job group 18, step 5 whose new incumbent will oversee the DSS fiscal unit. The annualized local share salary for this position is $33,439.

FISCAL IMPLICATIONS

The Medicaid special investigator positions will be fully paid for through State money from OMIG. Annualized total salary and fringe expense is $253,875. There is no local share required.

This unit will serve to lower and help contain the cost of Medicaid through the active investigation of waste, abuse and fraud and the subsequent recovery of improperly obtained Medicaid funds. The public presence of the unit will also serve to act as a deterrent to future abuse.

The DSS fiscal unit position will be funded through the deletion of the vacant JG 15 Assistant Deputy Commissioner position and vacancy savings. Annualized salary and fringe expense is $158,760. The total annualized local share salary expense is $33,439.

REASONS FOR RECOMMENDATION

In June 2009, the Office of Erie County Comptroller Mark C. Poloncarz issued a report examining Erie County's Medicaid anti-fraud initiatives. That report found that despite various mechanisms available for the County via the State to participate in provider-level Medicaid anti-fraud endeavors, the County was not doing so.

The County Executive has determined that the County should work with OMIG and other parties (such as the New York State Attorney General's Medicaid Fraud Control Unit and anti-

fraud vendors) to audit and investigate potential provider fraud and abuse in the Medicaid program which costs the federal, state and county governments more than $1 billion annually in Erie. OMIG will fund the salaries and benefits of three new employees to conduct a project.

In addition, recently, there was a significant revenue accrual error made by the DSS fiscal unit. This error and other personnel issues in that unit have led my administration to determine that special senior oversight of all financial matters in DSS is necessary. Annually the fiscal unit monitors over $564 million in direct spending along with an associated $260 million in revenue and DSS administers nearly $3 billion in client benefits. The new position will strengthen the operation of the fiscal unit.

CONSEQUENCES OF NEGATIVE ACTION

The County will not audit or investigate Medicaid providers in Erie County government and the potential for waste, fraud and abuse will continue. DSS funding and revenue streams are extremely complex. A higher level of accounting and fiscal oversight and attention is essential to maximize funding and avoid costly errors. If the DSS fiscal unit position is not created, there is a potential that fiscal errors with dire financial consequences for the County may occur.

STEPS FOLLOWING APPROVAL

The Department of Law and the Division of Budget and Management will work with the Department of Personnel to implement the request to create the positions.

A RESOLUTION SUBMITTED BY DEPARTMENT OF LAW AND DIVISION OF BUDGET AND MANAGEMENT

RE: Personal Services Adjustments - Special Medicaid Investigator and Department of Social Services' Fiscal Unit

WHEREAS, the County's Medicaid program which costs taxpayers over $1 billion annually, with a County share of $211.7 million in 2012, and

WHEREAS, in June 2009, the Office of Erie County Comptroller Mark C. Poloncarz issued a report examining Erie County's Medicaid anti-fraud initiatives and that report found that despite various mechanisms available for the County via the State to participate in provider-level Medicaid anti-fraud endeavors, the County was not doing so, and

WHEREAS, following discussions within his Medicaid Anti-Fraud Task Force and including meetings with the New York State Office of Medicaid Inspector General (OMIG) and others, the County Executive has determined that the County should work with OMIG and other parties (such as the New York State Attorney General's Medicaid Fraud Control Unit and anti-fraud vendors) to audit and investigate potential provider waste, fraud and abuse in the Medicaid program, and

WHEREAS, OMIG will fund the salaries and benefits of three new employees to conduct a project, and

WHEREAS, the County desires to create three new positions in a new Medicaid fraud investigatory and auditing unit: Confidential Investigator, job group 17, Senior Special Investigator, job group 10, and Confidential Aide, job group 6 to conduct Medicaid provider auditing and investigations, and

WHEREAS, recently, there was a significant revenue accrual error committed by the Department of Social Services' fiscal unit in 2011 which was subsequently corrected, which combined with other personnel issues has led the County to determine that special senior oversight of all financial matters in the Department of Social Services is necessary, given that over $564 million annually in direct spending occurs and is monitored by this unit, and the County desires to strengthen the operation of the Department of Social Services' fiscal unit, and

WHEREAS, to address these issues, authorization to delete a vacant title of Assistant Deputy Commissioner-Soc Svc RPT in the Department of Social Services to help create a new job group 18 position of Senior Executive Assistant-CE is requested,

NOW, THEREFORE, BE IT

RESOLVED, that authorization is hereby provided to the County Executive to enter into contract and accept funding from the New York State Office of Medicaid Inspector General to audit and investigate potential provider fraud and abuse in the Medicaid program, and be it further

RESOLVED, that the Erie County Legislature hereby authorizes the creation of one position of Confidential Investigator, job group 17, step 5 (annual salary expense of $91,466), Senior Special Investigator, job group 10 annual salary expense of $37,886), and Confidential Aide, job group 6, annual salary expense of $30,318) (B-100 #6916); and be it further

RESOLVED, that funding for these positions shall be established for the remainder of the year in the 2012 budget of the Department of Law under the following budgetary actions:

Fund Center 12070 - Fund 110 – Department of Social Services

Revenue		Increase
405595	State Aid Medicaid Anti-Fraud	117,173
Expense		
916000	ID County Attorney Services	117,173
Net Revenue Less Expense		0

Fund Center 16010 - Fund 110 – Department of Law

Expense		Increase/(Decrease)
500000	Full Time Salary	73,694
502000	Fringe Benefits	43,479
916000	ID County Attorney Services	(117,173)
	Total Expense	0

and be it further

RESOLVED, that the Erie County Legislature hereby provides authorization to delete the vacant title of Assistant Deputy Commissioner-Social Svc. RPT in the Department of Social Services and to add the position of Senior Executive Assistant-CE, job group 18, step 5 (B-100 #6915), annual salary expense of $99,850; and be it further

RESOLVED, that funding for this position shall be established for the remainder of the year in the 2012 budget of the Division of Budget and Management as follows:

Fund Center 10210 - Fund 110 - Division of Budget and Management

Expense		Increase/(Decrease)
500000	Full Time Salary	46,085
502000	Fringe Benefits	27,190
910200	ID Billing – Budget	(73,275)
	Total Expense	0

Fund Center 120 - Fund 110 - Department of Social Services

Expense		
500000	Full Time Salary - Vacancy Savings	(63,359)
500020	Regular Part Time	(9,916)
910200	ID Billing – Budget	73,275
	Total Expense	0

and be it further,

RESOLVED, that the Division of Budget and Management and Comptroller's Office are authorized to make any technical entries for the expense and revenue associated with these positions; and be it further

RESOLVED, that certified copies of this resolution will be forwarded to the County Executive, the Office of the Comptroller, the Department of Personnel, the Division of Budget and Management, the Department of Law and the Department of Social Services.