

A Note to Vendors and Contractors from the Chief Compliance Officer

Deficit Reduction Act of 2005

The DRA seeks to reduce fraud, abuse and waste in healthcare, specifically the Federal Medicaid system. It has been said this effort is being made to keep the Medicaid system alive and that at the rate it is going it may not be sustainable in the future.

From 2000 – 2004 the number of Medicaid enrollees went from 39.6 mill to 45.5 mill.

Current pressures on the health care system include:

- Rising Health Costs
- More uninsured
- Aging population

The DRA seeks to increase enforcement and awareness of the federal False Claims Act. A 1.7 Billion dollar recovery is estimated in the next 10 years through third party Qui Tam suits (i.e. Whistleblowers)

The DRA gives a financial incentive to states that have their own False Claims Act. Texas currently has one. Prior to the DRA, in a state FCA action the recovery was split in proportion to the funding the state received. The DRA has changed this and will give an additional 10% of the recovery to the state.

The DRA also directs entities that receive 5 million a year in Medicaid funding to provide information to employees, contractors and agents regarding both federal and state False Claims Acts. Non-compliance could result in the loss of Medicaid funding.

Specific information should include:

- 1) Provisions in Employee Handbooks and Manuals:
- 2) Policies and Procedures to address what the act requires; and
- 3) Administrative remedies
- 4) Whistleblower Protection
- 5) State FCA laws

We currently have a system in place that will identify all contractors and we will either provide them with a copy of our DRA policy or notify them of our compliance with the DRA and advise them of the location of our policies on the MCHS homepage thereby meeting our requirement to provide information. Medical Staff members who could also be considered contractual will be notified in the same manner

We at MCHS have made this information available to you and ask that you contact the Compliance Office if you need additional information or have further questions in regard to our policies or procedures.

Our contact information is:

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