

DEFICIT REDUCTION ACT

On February 8, 2006, President Bush signed the Deficit Reduction Act ("DRA") of 2005 into law. The law, which goes into effect January 1, 2007, is the most sweeping legislation to impact Medicaid in thirty years. The DRA aims to cut \$11 billion from the Medicare and Medicaid programs over the next five years.

In an effort to deter and prevent fraud, waste, and abuse, health care entities who receive at least \$5 million in Medicaid funds per year must now comply with DRA Section 6032, Employee Education About False Claims Recovery. This section maintains that these entities must have written policies for all employees, contractors, and agents that provide **detailed** information in terms of:

- The federal False Claims Act and any state laws pertaining to civil or criminal penalties for false claims and statements, including whistleblower protections granted in these laws;
- How the provider will detect and prevent fraud, waste, and abuse; and,
- The rights of the employee to be protected as whistleblowers and reiteration of the entity's policy for detecting and preventing waste, fraud, and abuse in the employee handbook.

Affected entities who fail to implement and comply with DRA Section 6032 by January 1, 2007 will be at risk of forfeiting all Medicaid payments until compliance is met. The Molina Healthcare of New Mexico Anti-Fraud Program will be monitoring applicable Molina providers to ensure they are complying with Section 6032 standards.

For more information on this legislation, please contact your Molina Healthcare of New Mexico Provider Services Representative local in Albuquerque at (505)341-7493 or toll-free at (888) 825-9266.

To read the act in its entirety, you may visit: <http://www.nasmd.org/bug-rec/docs/DRA-Public-Law-109-171.pdf#search=%22deficit%20reduction%20act%20of%202005%22>.

For more information on the federal False Claims Act and the State of New Mexico Medicaid False Claims Act, the following sites are available:

- False Claims Act (31 U.S.C. § 3729)
http://www.law.cornell.edu/uscode/html/uscode31/usc_sec_31_00003729----000-.html
- State of New Mexico Medicaid False Claims Act (Article 14)
<http://www.conwaygreene.com/nmsu/lpext.dll?f=templates&fn=main-hit-h.htm&2.0> (search for "Medicaid False Claims Act")
- False Claims Law of the United States
http://en.wikipedia.org/wiki/U.S._false_claims_law_%28in_depth%29

Together, our efforts can prevent fraud, waste, and abuse.

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