

## COMMISSION ON CALIFORNIA STATE GOVERNMENT ORGANIZATION AND ECONOMY

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September 7, 1979

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## MEDI-CAL REFORM--IT'S TIME FOR ACTION

Over the past five years, the Commission has identified hundreds of deficiencies and made specific recommendations for correction within the Medi-Cal Program. Although some progress has been made, we are especially frustrated and amazed by the lack of action to bring the Medi-Cal Program under control.

Without major revision, this program will consume five billion dollars in Fiscal Year 1979-80.

All of the urgent, yet unresolved, problems in the health care field are manifest in the Medi-Cal Program, including

- lack of control over fraud and abuse,
- excessive provision of services and uneven quality of care,
- unrestrained inflation,
- excessive capital investment,
- waste and mismanagement.

None of the major legislation, supported by the Commission, to deal with these and related problems has been enacted in the current session. Like us, millions of taxpayers are puzzled and mystified as to why these appalling conditions are permitted to continue.

The Commission feels that IT IS TIME FOR ACTION NOW, as we have pointed time and again for years to the State health program deficiencies, and we simply cannot reconcile the lack of will for remedial action on the part of the Administration and the Legislature to act promptly in the public interest.

Proposition 13 is, in our view, a loud cry against waste in government programs, not a demand to cut out essential services. And we stress, removing colossal and astounding waste, etc. and not cutting essential services.

Fraud and abuse in Medi-Cal has been estimated to consume hundreds of millions of dollars of tax money annually, impairing our ability to expand community mental health and developmental disability services which are now seriously deficient.

The State Controller's Medi-Cal Audit project, the Department of Health Services Audits and Investigations Division, and the Department of Justice Medi-Cal Fraud Unit have been functioning for some time. Efforts by these agencies to control fraud and abuse are underfunded, not strongly supported, uncoordinated and have been relatively ineffective in relationship to the magnitude of the task to be performed.

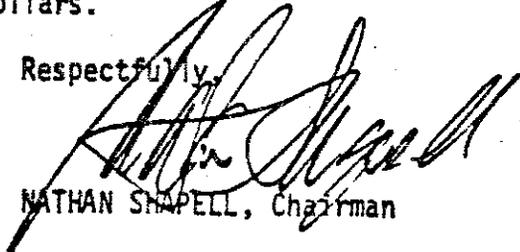
Therefore, we urge you, Governor Brown, to form a "Strike Force For Control of Medi-Cal Fraud and Abuse" immediately to cope with these problems. Such a Strike Force should consist of experienced prosecuting attorneys, trained investigators, and health care specialists, all of whom have a strong desire to go after and expose all of the abuses to save millions of dollars, as well as uncovering the illegal and fraudulent actions which have been taking place, and seeing to it that State monies improperly obtained are recaptured and that legal penalties are applied. Such a Strike Force properly motivated would and could reap a bountiful harvest for our fellow taxpayers upon appropriate action by the Attorney General and county District Attorneys.

Exposure of abusive providers would inform the public, deter other ill-intentioned providers, and build pressure and public support for legislative overhaul of Medi-Cal to reduce its cost without doing damage to the welfare of beneficiaries. Tax savings and recovered funds can then be diverted as necessary to all the developmental disabilities and mental health programs.

Unless this and other needed health care cost legislation is implemented promptly, the Commission must regrettably conclude that there exists in this State neither the desire nor the aggressive determination to take steps to effectuate measures to implement needed health care reforms.

We trust that the reluctance so far shown will be reversed promptly by adopting our Strike Force and other Medi-Cal reform and health care cost legislation recommendations. We hopefully further trust that your selectees, Governor Brown, will be strongly impressed by you as to the urgency and need to save many millions of tax dollars.

Respectfully,

  
NATHAN SHAPELL, Chairman

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