

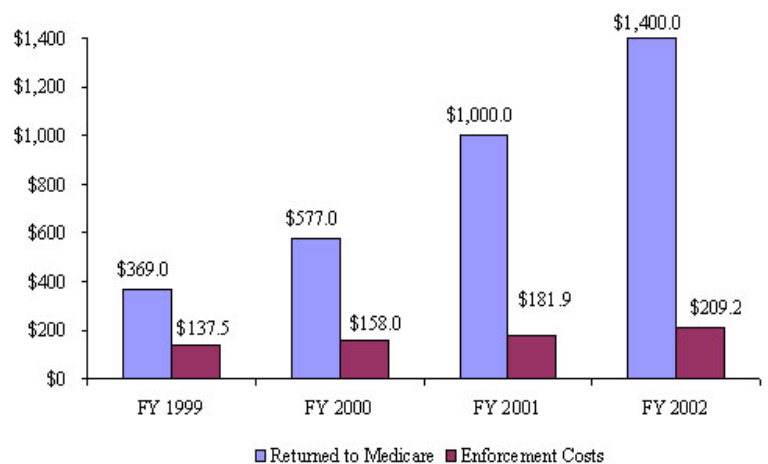
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Fighting Health Care Fraud Returns Nearly \$13 for every \$1 Invested

A new report released by Taxpayers Against Fraud, a national nonprofit organization focused on enforcement of the False Claims Act, calculates that every dollar invested by the government in investigation and prosecution of federal health care fraud returns \$13 back to the American people.

“At a time when Medicaid is being cut, and Medicare is moving closer to insolvency, the government needs to invest more in health care fraud detection and prosecution,” said James Moorman, President of the Taxpayers Against Fraud Education Fund. “By increasing the resources needed for investigation and prosecution of health care fraud, we can collect even more money while ending this game of ‘catch-me-if-you-can’ in the health care arena.”

The new study, authored by health economist Jack Meyer, looks at total federal health care investigation and prosecution costs, and compares them to the amount of money returned to the Federal treasury minus the cost of awards to whistleblowers that help the government understand and prosecute the often-complex frauds. Meyer calculates that in the 5-year period from 1998 to 2003, the Federal government spent \$408 million to recover \$5.260 billion in health-care fraud related settlements and judgments.



“The reason government investigations and prosecutions are so efficient,” notes Moorman, “is that whistleblowers act like bird-dogs that point out the fraud and flush it to the government attorneys. Without the whistleblowers, the Federal Government just can’t find the frauds.”

Meyer notes that the fiscal benefits of fraud detection and prosecution extend far beyond the monies recovered. “Major settlements with large recoveries have a ripple effect that reduces the likelihood of even greater frauds against the Medicare and Medicaid programs. We don’t know exactly how much fraud is being deterred by the False Claims Act, but the number is almost certainly many billions of dollars a year more than is simply being recovered.”

Meyer noted that just a few years ago health care consulting firms were advising companies how to ‘beat the system’ by cooking the books. Now those same consulting firms -- some of them prosecuted under the False Claims Act for encouraging fraud -- have begun to advise the health care industry on how to comply with the letter of the law and stay out of trouble. “Without a doubt there is still a lot of fraud to be found, but the False Claims Act is clearly changing corporate culture in the health care arena.”