WASHINGTON — Private bounty hunters are one way to fight fraud in the Medicaid program, according to Stan Dorn, J.D., senior analyst at the Economic and Social Research Institute.

Successfully used by Medicare, the bounty hunter approach allows whistleblowers to share in funds recovered through prosecutions under the False Claims Act.

According to recommendations developed by Andy Schneider, an attorney and Medicaid policy expert at Taxpayers Against Fraud, Congress could bolster Medicaid whistle-blower opportunities by increasing federal payments to states that enact their own False Claims Act and by offering whistleblowers a minimum of 20% of the federal share of any recovered funds.

At a policy forum sponsored by the American Public Health Association, Mr. Dorn included enhanced fraud reduction efforts among nine budget cutting options that would trim the cost of the program without cutting spending on enrollment.

Congress is expected to propose Medicaid program changes this year that will result in $10 billion in reduced federal spending over 5 years.

Mr. Dorn offered other cost-savings alternatives, such as improving case management for the chronically ill and implementing community-based obesity prevention strategies. The Bush administration in its fiscal year 2006 budget proposed reducing Medicaid funding by re-forming the program’s drug purchasing system and limiting asset transfers that qualify seniors for long-term care.

Limits on spending and benefits are not part of any current federal budget plans, but lawmakers are looking closely at Medicaid reform proposals this year. Caps could be considered as part of those proposals, Mr. Dorn pointed out at the forum, which was cosponsored by the Joint Center for Political and Economic Studies.

Not only would caps affect Medicaid recipients, but they also could prove detrimental to communityspanning advocacy, Mr. Dorn said.

Since Medicaid must provide benefits to all of those eligible, the bulk of the program is economically “countercyclical,” he said, meaning it expands as the economy contracts. Not only does this ensure health benefits are available to income individuals, but it also contributes to the flow of funds to health care providers and, in turn, other sectors of the economy.

To capitalize on Medicaid’s stabilizing effects, Mr. Dorn suggested that federal matching rates could automatically rise when the economy slows.

With national and state unemployment rates as triggers, automatic adjustment would not require waiting for new federal legislation each time a recession begins and the increase would end promptly when economic conditions improved. “We are better timed and come into effect immediately,” Dorn noted.

Congress passed a 2.95% increase in the federal matching rate for the 15 months ending in June 2003.

Studies show the boost allowed states to continue Medicaid benefits even though state revenues shrank.