



**NEWS FROM:
THE JOINT COMMISSION ON PUBLIC ETHICS**

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FOR IMMEDIATE RELEASE

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**COMPANY WITH STATE CONTRACT SETTLES CASE ALLEGING IT
PROVIDED MEALS, OFFERED EMPLOYMENT TO STATE OFFICE OF
MEDICAID INSPECTOR GENERAL EMPLOYEE**

\$75,000 Settlement Ends Inquiry of HMS for Violation of Lobbying Law

ALBANY – (June 25, 2015) – The New York State Joint Commission on Public Ethics announced today that it has reached a settlement agreement with a company that paid for meals and beverages for a State employee, even offering that employee a job, while under contract with the State to help recover improper Medicaid payments and overpayments.

Health Management Systems, Inc. (HMS), which is the client of a registered lobbyist, agreed to pay \$75,000 to settle allegations that employees of the company improperly paid for a series of meals and beverages between 2010 and 2013 for Joseph Flora, who was then an employee of the state Office of the Medicaid Inspector General (OMIG). The value of the more than 50 meals totaled over \$1,500. The State’s lobbying law prohibits gifts of more than nominal value and meals and beverages exceeding \$15 under circumstances in which it could appear to influence or reward official conduct.

HMS is under contract with New York State and others to recoup funds from unpaid, overpaid or fraudulent Medicaid claims. The multi-year contract – which expires in December of this year – awards HMS a percentage of the money it recovers on behalf of the State. Since the beginning of the contract, HMS has earned more than \$140 million for its work. HMS regularly interacted with Flora, who was responsible for overseeing the services provided under the contract. The company also repeatedly sought and obtained Flora’s insight on pending regulatory and legislative matters. HMS later offered Flora a position with the company which included a signing bonus; both were later rescinded. Flora has since retired from OMIG.

HMS cooperated with the Commission’s investigations, and as part of the settlement agreement, further agreed to cooperate in any future inquiry into Flora’s actions. It has also revised its Code of Conduct to reflect requirements of the state Lobbying Act and agreed to provide continuing ethics training to its employees, particularly those working on the OMIG contract.

“Companies doing business with New York State have an obligation to know the law regarding lobbying and to follow that law,” said Commission Executive Director Letizia Tagliafierro. “If a company utilizes lobbyists, the prohibitions against giving gifts to public officers apply.”

This investigation into HMS and the resulting settlement arose from a prior investigation into the actions of Flora by the Office of the New York State Inspector General, and its subsequent referral to the Commission. A copy of the settlement may be obtained by clicking [HERE](#).