



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 2351

PRINTERS NO. 3912

PRIME SPONSOR: Thomas

### COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	\$0	See Fiscal Impact

**SUMMARY:** House Bill 2351, Printer's Number 3912, amends the Human Services Code to further provide for grading of offenses for fraud in the Medical Assistance (MA) program. This legislation is effective in 60 days.

**ANALYSIS:** This legislation adds language in Section 1407 (Provider Prohibited Acts, Criminal Penalties and Civil Remedies) of the Human Services Code for any provider in the MA program who knowingly and intentionally does any of the following:

- Make or cause to be made a materially false, fraudulent, or misleading statement, claim or representation in any record used by any person in connection with providing goods and services to a recipient.
- Submit or cause to be submitted false information for the purpose of obtaining greater compensation than legally entitled.
- Submit or cause to be submitted a claim for medically unnecessary or inadequate services or merchandise provided to a recipient.
- Submit or cause to be submitted any record to obtain reimbursement from MA during any period of time when the person is excluded or precluded from participation in the MA program or when the person is on the Federal List of Excluded Individuals/Entities.

In addition, HB 2351 adds "or cause to be submitted" to the current list of provider prohibited acts in Section 1407.

HB 2351 revises the penalties for individuals in violation to the following:

- A felony of the second degree if the amount of excess payments, claimed or paid, is over \$100,000 or if the person has a prior conviction in any state or Federal court for conduct that would constitute the same violation.
- A felony of the third degree if the amount of excess of payments, claimed or paid, is over \$2,000 but less than \$100,000.
- A misdemeanor of the first degree if the amount of excess payments, claimed or paid is less than \$2,000.

Any provider in the MA program who knowingly and intentionally submits or causes to be submitted any record to obtain reimbursement from MA during any period of time when the person is excluded or precluded from participation in the MA program or when the person is on the Federal List of Excluded Individuals/Entities will have committed a felony of the second degree.

DHS shall forward any notice of action taken against the provider or any cases of suspected provider fraud to the Medicaid Fraud Unit of the Office of the Attorney General and to appropriate licensing boards at the Department of State.

A MA recipient who received goods and services in good faith without the intent or knowledge of fraud will be not be considered in violation of this act.

**FISCAL IMPACT:** Enactment of this legislation should have no adverse fiscal impact on Commonwealth funds and may result in savings to the MA program if it deters or reduces fraudulent activity.

**PREPARED BY:** Ann Bertolino  
House Appropriations Committee (R)

**DATE:** June 24, 2020

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*