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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

MEMORANDUM

Date: January 25, 2011

To: All House Members

From: Representative Tina Davis *Tina M. Davis*

Subject: Co-Sponsorship of Legislation: Medicaid and Healthcare program Fraud Legislation Package

I hope you will join me in co-sponsoring a two bill package of legislation that I am having prepared for introduction. The legislation will address the issue of fraud in the state's Medicaid program, as well as other health care programs administered by the state such as the Children's Health Insurance Program and the adultBasic program. The legislation will have its foundation in some recently enacted state and federal law, but will build upon those laws by extending those protections to our state programs.

The legislative package will consist of the following:

1. Amendment of the Crimes Code to define the crime of "health care program fraud" and makes it a felony with monetary penalties and degree of felony dependent upon the value involved in the illegal activity;
2. Omnibus legislation that will charge executive agencies in this Commonwealth with responsibilities for fighting fraud in health care programs. This legislation will enhance the authority of the Department of Public Welfare, Insurance Department, and other executive agencies managing health care programs to ferret out fraud and abuse of programs.

In addition, the legislation will set out the responsibilities for the Office of Attorney General in investigating and prosecuting Medicaid and health care program fraud. Fraud warnings will be required to be provided to recipients, contractors, and third parties administrators. Agencies will be required to develop and implement comprehensive anti-fraud plans.

It is estimated that for 2009, there was \$54 billion in losses to the Medicaid and Medicare programs due to fraud. In addition, it has been proven that investments in fraud detection and enforcement pay for themselves many times over. Recent federal legislation against fraud is already yielding results. In FY 2009, anti-fraud efforts put \$2.51 billion back in the Medicare Trust Fund resulting from civil recoveries, fines in criminal matters, and administrative recoveries. This was a \$569 million, or 29 percent, increase over FY 2008. In FY 2009, more than \$441 million in federal Medicaid money was returned to the Treasury, a 28 percent increase from FY 2008. Most recently, in FY 2010, the Department of Justice obtained settlements and judgments of more than \$2.5 billion in False Claims Act matters alleging health care fraud. This is more than ever before obtained in a single year, up from \$1.68 billion in FY2009.

If you would like to co-sponsor either or both pieces of this legislative package, please contact Debi Brady at 717-783-4903 or via email dbrady@pahouse.net