

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 20, 2007

TO: Honorable Dianne White Delisi, Chair, House Committee on Public Health

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2732 by Gattis (Relating to civil remedies and qui tam provisions under the Medicaid fraud prevention act.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill increases the minimum civil penalty from \$1,000 to \$5,000 for Medicaid fraud that does not result in injury to an elderly or disabled person or a child. The bill also requires the state or a person bringing a civil action related to Medicaid fraud to meet a standard of proof. The bill would also allow a person bringing such an action to proceed without the state's participation in the event that the state declines to take over the action. The bill increases the minimum amount from 10 to 15 percent of proceeds of an action to which a person bringing the action is entitled. If the state declines to take over an action and the person proceeds without the state's participation, the person bringing the action would be entitled to 25 to 30 percent of the proceeds. The provisions of the bill apply only to conduct that occurs after the effective date of the bill.

The Health and Human Services Commission indicates that the provisions of the bill could provide adequate incentives to pursue Medicaid fraud for the federal Office of Inspector General to permit the state to retain an increased proportion of the proceeds recovered from Medicaid fraud actions, which could result in increased penalty revenues retained by the state and decreased Medicaid costs resulting from improved fraud prevention. HHSC is unable to estimate either increased revenues or Medicaid savings.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, PP, LR