



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1622 (as introduced 11-6-08)
Sponsor: Senator Ron Jelinek
Committee: Appropriations

Date Completed: 11-6-08

CONTENT

The Federal government included a provision in the Deficit Reduction Act giving states an incentive to bring their Medicaid false claim provisions into line with Federal statute. Presently, a state retains the state portion of any fraud recoveries, with the Federal portion of the recoveries being returned to the Federal government. Given the present Medicaid match rate, this means that for every \$1.0 million recovered, the State would save approximately \$400,000. States that bring their statute in line with Federal law are allowed to retain an additional 10.0% of recoveries.

Senate Bill 1622 would amend the Medicaid False Claim Act to prohibit individuals from engaging in actions prohibited by the Act, with civil penalties ranging from \$5,000 to \$10,000 assessed to anyone involved in such a false claim. According to the Department of Community Health (DCH), the U.S. Department of Health and Human Services believes that this change is sufficient to bring State statute in line with Federal statute. This would allow the State to take advantage of the Deficit Reduction Act provision and retain an additional 10.0% of any future recoveries.

MCL 400.607 & 400.612

FISCAL IMPACT

The FY 2008-09 DCH budget assumes implementation of changes to the Medicaid False Claim Act similar to those contained in Senate Bill 1622, with assumed savings of \$1.0 million GF/GP. These savings appear to be achievable as recoveries from Medicaid fraud cases have often exceeded \$20.0 million per year.

Fiscal Analyst: Steve Angelotti

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