

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 163** HLS 18RS 542  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> April 2, 2018 6:08 PM	<b>Author:</b> MACK
<b>Dept./Agy.:</b> LDH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid recipient fraud unit	

MEDICAID OR INCREASE GF EX See Note Page 1 of 2  
 Creates the Medicaid Recipient Fraud Unit within the office of the attorney general

Proposed law creates the Medicaid Recipient Fraud Unit (MRFU) within the criminal division of the office of the attorney general. The MRFU shall be responsible for operating a statewide program for the investigation and prosecution of violations of any state law regarding any aspect of fraud in connection with any aspect of the receipt of medical assistance under Title 19 of the Social Security Act. Proposed law deems the MRFU an extension of the Medicaid program integrity function of the department and shall be funded through the appropriation to LDH for administration of the Medicaid program. The attorney general shall work with LDH in preparing the annual budget for the MRFU.

Proposed law requires LDH to perform a preliminary review of all Medicaid recipient fraud complaints reported, and refer that complaint to the MRFU for a complete investigation and prosecution based on procedures agreed to the the AG and LDH. Proposed law requires the AG to submit quarterly reports notifying the department of the status of Medicaid recipient fraud matters handled by the MRFU.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Medicaid Recipient Fraud Unit (MRFU) will be funded through a direct appropriation to LDH, and any restitution (recoveries from individuals) are anticipated to be returned to LDH. The net impact of operating a Medicaid Recipient Fraud Unit will depend on the costs of personnel and operating expenses of the new unit within the attorney general, net of annual recoveries.

As an illustration, the South Carolina AG's office currently employes 8 staff (2 attorneys, 4 investigators, and 2 administrative assistants) in their Medicaid Recipient Fraud Unit. Information provided by South Carolina MRFU staff indicates approximately \$581,000 in recoveries in FY 17, and approximately \$709,000 in additional cost avoidance in the same year. Note: Medicaid Recipient Fraud cases in South Carolina, generally include individuals submitting false application for Medicaid eligibility, providing false information about income, assets, family members, or resources, or sharing/selling medicaid cards with others.

Listed below are two separate agency estimates of the operational costs of the proposed unit housed in the AG's office.

LDH: LDH anticipates 11 new positions to operate a MRFU in the AG's office. New positions include 7 fraud investigators, 3 attorney positions, and 1 administrative assistant. Based on projected staffing and operational expenses, LDH anticipates approximately \$726,000 in expenditures in FY 19.

LDH FY 19 projected itemized expenditures:

- \$702,523 - Personnel services (salary and related benefits for 11 new positions)
- \$10,577 - Operating expenses (rent and supplies)
- \$12,971 - Equipment (11 computers, 2 printers, 11 telephones, office furniture)
- \$726,071

FY 20 personnel costs are projected to total \$964,798 based on a full year of employment. Continued on page 2

**REVENUE EXPLANATION**

Annual recoveries returned to LDH are anticipated as a result of this measure. Levels of annual recoveries will likely depend on the the size and resources of the program. As an illustration, the South Carolina AG's office currently employes 8 staff (2 attorneys, 4 investigators, and 2 administrative assistants) in their Medicaid Recipient Fraud Unit. Information provided by South Carolina MRFU staff indicates approximately \$581,000 in recoveries in FY 17, and approximately \$709,000 in additional cost avoidance in the same year.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: **HB 163** HLS 18RS 542  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.:  
Sub. Bill For.: **REVISED**

<b>Date:</b> April 2, 2018	6:08 PM	<b>Author:</b> MACK
<b>Dept./Agy.:</b> LDH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid recipient fraud unit		

**CONTINUED EXPLANATION from page one:**

Expenditure explanation: continued from page 1

Attorney General: The attorney general anticipates 11 new positions to operate a MRFU. However, the type of positions vary from LDH's estimate. New positions include 6 fraud investigators, 1 investigator supervisor, 2 attorneys, a forensic accountant, and 1 administrative assistant/secretary. Based on projected staffing and operational expenses, the attorney general anticipates approximately \$1.46 M in expenditures in FY 19.

AG FY 19 projected itemized expenditures:

- \$1,088,329 - Personnel services (salary and related benefits for 11 new positions)
- \$99,999 - Operating expenses
- \$25,169 - Professional services
- \$253,117 - Acquisitions (office equipment, computers, firearms, radios, automobiles)
- \$1,466,614

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*

---

**Evan Brasseaux**  
Staff Director