

## JBC STAFF FISCAL ANALYSIS SENATE APPROPRIATIONS COMMITTEE

CONCERNING IMPROVING MEDICAID FRAUD PROSECUTION.

Prime Sponsors: Senator Roberts

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### Summary of Amendments Made to the Bill After the 01/24/12 Legislative Council Staff Fiscal Note Was Prepared (Amended by the Health and Human Services Committee 02/02/12)

The Health and Human Services Committee amendment excluded from the required reports by the Department of Health Care Policy and Financing and the Attorney General any law-enforcement sensitive information, and eliminated the requirements for reporting on policies and procedures to detect and prevent client fraud. Both Legislative Council Staff and the Joint Budget Committee staff agree that these changes do not affect the projected fiscal impact of the bill.

### JBC Staff Concurrence with Legislative Council Staff Fiscal Note

☐

Concurs

☐

Does Not Concur

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Updated Analysis

### Reason for the Update

The Legislative Council Staff Fiscal Note dated January 24, 2012 showed the increase in General Fund required for Medical Service Premiums to offset the loss of fraud recoveries retained at the state level, but omitted the decrease in cash funds appropriations from fraud recoveries. The table below summarizes the revised fiscal impact, with the originally omitted figure in bold.

	Total	General Fund	Cash Funds	Federal Funds	FTE
Personal Services	\$5,216	\$2,608	\$0	\$2,608	0.1
Medical Service Premiums					
Fraud recoveries retained at state level	0	24,470	<b>(24,470)</b>	0	
Cost avoidance due to increased fraud monitoring	<u>(54,156)</u>	<u>(27,078)</u>	<u>0</u>	<u>(27,078)</u>	
Total - Medical Service Premiums	(\$54,156)	(\$2,608)	(\$24,470)	(\$27,078)	0.0
TOTAL S.B. 12-060	(\$48,940)	\$0	(\$24,470)	(\$24,470)	0.1

### Amendments/Appropriation Status

Staff has prepared amendment **J.001** (attached) to make the adjustments to appropriations described in the "Reason for the Update" section above.

**Bill Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

**Points to Consider**

The Department projects that the bill will result in at least \$54,156 in avoided costs for Medical Service Premiums due to greater fraud monitoring, but the Department may not achieve these results. The current amount of undetected fraud is unknown. Actual fraud recoveries in FY 2010-11 were \$375,804. The projected avoided costs are relatively large compared to the known fraud. The bill encourages increased fraud monitoring by allowing counties to retain a greater portion of the money recovered from identified fraud, and by requiring more detailed reporting on fraud. It is unknown whether these will be sufficient inducements to increase fraud monitoring. The projected savings depend on: (1) Sufficient existing undetected fraud to be discovered; and, (2) Sufficient inducements in the bill to increase fraud monitoring behavior.