

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2141
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: JULY 19, 2010

SUMMARY

- Synopsis:** Increases penalties against Medicaid fraud.
- Type of Impact:** A possible increase in Medicaid recoveries, which would offset an equal amount of Medicaid expenditures.
- Agencies Affected:** Departments of Children and Families, Health and Senior Services, Human Services, Law and Public Safety, Treasury, and the Judiciary.

Office of Legislative Services Estimate

Fiscal Impact	<u>Years 1 - 3</u>
State Cost	A possible reduction in Medicaid expenditures that cannot be determined.
State Revenue	A possible increase in Medicaid recoveries that cannot be determined.

- During the FY 2007 – FY 2009 period, the State reported to the federal government that Fraud, Waste and Abuse Efforts resulted in gross recoveries between \$1.5 million and \$1.9 million. For the first quarter of FY 2010, gross recoveries were \$2.1 million on an annualized basis.

BILL DESCRIPTION

Senate Bill No. 2141 of 2010 increases State statutory penalties for committing Medicaid fraud in order to strengthen deterrence against any attempt to cheat the Medicaid program of funds that are intended to serve the health care needs of the medically indigent. The legislation:

- Creates a new mandatory monetary penalty for Medicaid fraud offenses of not less than \$15,000 and not more than \$25,000 for a crime of the third degree, and not less than \$10,000 and not more than \$25,000 for a crime of the fourth degree.
- Creates a new crime of the second degree, with a monetary penalty of not less than \$25,000 and not more than \$150,000, for persons convicted of repeated Medicaid fraud offenses under certain circumstances.

The legislation is intended to implement recommendations in the Governor's recommended FY 2011 budget to increase Medicaid fraud recoveries.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None provided.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services is unable to determine the fiscal impact of this bill. The provisions of the bill will likely increase State recoveries through higher penalties for Medicaid fraud. Such recoveries will be used to offset Medicaid expenditures.

During the FY 2007 – FY 2009 period, the State reported to the federal government that Fraud, Waste and Abuse Efforts resulted in recoveries of between \$1.5 million and \$1.9 million. In FY 2010, such activities may result in recoveries of \$2.1 million on an annualized basis. It is noted that even though recoveries are reported in the period monies were received, the actual fraud, waste and abuse may have occurred many years ago and is only now being settled.

Any funds recovered by the State are shared with the federal government, generally on a 50/50 basis. Thus, the State would realize only 50 percent of the amounts reported above.

Section: Human Services

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This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-6 et seq.).