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FISCAL IMPACT REPORT

SPONSOR Papen ORIGINAL DATE 1/24/18
LAST UPDATED _____ HB _____

SHORT TITLE Expand Medicaid Fraud Control Unit SB 3

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY18	FY19		
	\$2,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Senate Bill 2, Medicaid Changes; Senate Bill 75, Medicaid and Taxpayer Fraud Acts Changes

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (NMAG)

Response Not Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 3 (SB3) would appropriate \$2 million from the general fund to the Attorney General's Office (NMAG) to expand the Medicaid Fraud Control Unit (MFCU).

FISCAL IMPLICATIONS

SB3 would appropriate \$2 million from the general fund to the NMAG for expenditure in FY19. Any unexpended or unencumbered balance remaining at the end of FY19 would revert to the general fund.

NMAG reports the funding need for MFCU is recurring and consideration may be given to making the operating funds non-reverting.

SIGNIFICANT ISSUES

The Attorney General's Office (NMAG) indicates the Medicaid Fraud Control Unit's budget has remained fairly flat over the past few years and has not been adjusted to reflect increasing workload. The bill's proposed appropriation would allow for one year of funding and would adequately fund additional positions, training and related resources and supplies to investigate and prosecute active and anticipated cases leading to greater financial recoveries for the Medicaid program.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

NMAG notes Senate Bill 75 (SB75) would amend the New Mexico Medicaid False Claims Act, NMSA 1978, § 30-44-1 *et seq.* (MFCA) to mirror the federal False Claims Act, 31 U.S.C.A. § 3729 (2011) (FCA), allowing the state to retain an additional percentage of the total recovery made in a case brought under MFCA. Additionally, SB75 would give NMAG the authority to prosecute under MFCA.

In conjunction with the proposed authority in SB75, the appropriation in SB3 would allow MFCU to invest additional resources to investigate and prosecute complex cases under MFCA, which have the potential for greater recoveries to the Medicaid program.

OTHER SUBSTANTIVE ISSUES

In FY16, the Human Services Department received 2,880 Medicaid fraud referrals for review, and in some cases, investigation.

RAE/sb