

Department of Finance and Administration

Legislative Impact Statement

Bill: SB564

Amendment Number: S1

Bill Subtitle: TO CLARIFY THE SCOPE OF HEALTHCARE FRAUD; AND TO UPDATE THE MEDICAID FRAUD ACT AND THE MEDICAID FRAUD FALSE CLAIMS ACT.

Basic Change :

Sponsor: Senator D. Sanders

Amendment 1 to SB 564 makes changes to update the healthcare fraud and Medicaid fraud claims acts. The bill lays out various offenses and crimes concerning Medicaid fraud and includes various punishments including, fines, judgments and restitution. The amendment creates an offset against state income tax refunds for any Medicaid fraud restitution orders.

Revenue Impact :

Undetermined amount of income tax offsets resulting from Medicaid fraud restitution orders.

Taxpayer Impact :

Any taxpayer subject to a Medicaid fraud restitution order may have their income tax refund offset to satisfy the restitution order if the defendant fails to comply with the terms of the restitution order.

Resources Required :

Processing system will be to be revised along with the refund off-set explanation letters.

Time Required :

Adequate time is provided to implement this bill.

Procedural Changes :

Employees will need to be educated and trained on the new offset program.

Other Comments :

None.

Legal Analysis :

SB564 as engrossed 3/21/17 amends various provisions of state law related to healthcare and Medicaid fraud. The bill amends provisions of current law imposing criminal penalties for healthcare and Medicaid fraud. Of significant interest for DFA is the inclusion of a provision addressing the collection of restitution from a person who is found guilty or pleads guilty of Medicaid fraud. This provision states that the person is to make full restitution and the sentencing court is to make a finding regarding the amount of restitution. The order shall provide that the amount of restitution may be collected through an intercept of the defendant's state income tax return under § 5-4-206. § 5-4-206 is a provision of state law allowing the collection of restitution from a taxpayer's state income tax return by following the process for offsetting a state income tax refund outlined in § 26-36-301 et seq. That provision of state law describes the steps that must be taken by a party seeking to set-off a state income tax refund against a debt owed by the taxpayer. SB564 will be effective 90 days after adjournment.