

SB 2798

Measure Title: RELATING TO MEDICAL ASSISTANCE FRAUD.

Report Title: Medical Assistance Fraud

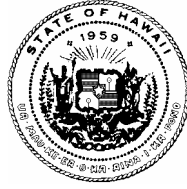
Description: Amends section 346-43.5, Hawaii Revised Statutes, to clarify that fraudulently applying for or renewing medical assistance benefits is a class C felony, and to clarify the amount of restitution when the fraud is committed by a recipient of medical assistance benefits. Amends the statute of limitations provision under section 701-108, Hawaii Revised Statutes, to include the offense of medical assistance fraud with other felony offenses involving fraud or deception.

Companion: [HB2249](#)

Package: Governor

Current Referral: HMS, JDL

Introducer(s): KIM (Introduced by request of another party)



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

January 30, 2014

TO: The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2798 - RELATING TO MEDICAL ASSISTANCE
FRAUD**

Hearing: Thursday, January 30, 2014; 1:15 p.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of this bill is to: amend section 346-43.5, Hawaii Revised Statutes (HRS), to clarify that fraudulently applying for or renewing an application for medical assistance benefits is a Class C felony; clarify the amount of restitution to be repaid for conviction of medical assistance fraud, define “medical assistance benefits”, and amend the statute of limitations under section 701-108, HRS, to include the offense of medical assistance fraud with other felony offenses involving fraud or deception .

DEPARTMENT’S POSITION: The Department of Human Services (DHS) strongly supports this Administration measure that would increase the Attorney General’s ability to prosecute medical assistance recipient fraud.

The DHS is committed to eliminating fraud, waste, and abuse. Suspected cases of medical assistance recipient fraud are referred to DHS’ Investigations Office for investigation. If

the investigation finds a high likelihood of fraud, the case is referred to the Attorney General for prosecution.

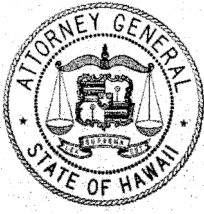
This bill will assist the DHS and the Department of Attorney General in the prosecution of individuals found to have committed medical assistance fraud. The proposed amendments strengthens the State's ability to seek restitution and clarifies prosecution for written as well as information submitted electronically, which is necessary as our new eligibility system now allows submission of applications and updates electronically.

In addition the bill amends the Hawaii Revised Statutes to allow prosecution of an offense three years after discovery of the offense. This is needed as incidents of fraud may be not discovered until after the statute of limitation has expired. This amendment will allow the State to pursue prosecution from the time when the offense is discovered.

The Attorney General's ability to prosecute not only aids in recovery but may also serve as a deterrent to recipient fraud. Prosecution of fraud is an important tool to help ensure program integrity.

The DHS strongly supports this measure and defers to the Department of Attorney General as it relates to statutory amendments and legal issues.

Thank you for the opportunity to testify on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SEVENTH LEGISLATURE, 2014**

ON THE FOLLOWING MEASURE:

S.B. NO. 2798, RELATING TO MEDICAL ASSISTANCE FRAUD.

BEFORE THE:

SENATE COMMITTEE ON HUMAN SERVICES

DATE: Thursday, January 30, 2014 **TIME:** 1:15 p.m.

LOCATION: State Capitol, Room 016

TESTIFIER(S): David M. Louie, Attorney General, or
Laura Maeshiro, Deputy Attorney General

Chair Chun Oakland and Members of the Committee:

The Attorney General strongly supports this bill as it will strengthen the ability of the State to prosecute individuals who fraudulently obtain medical assistance benefits.

This measure amends section 346-43.5, Hawaii Revised Statutes (HRS), to clarify that an individual who fraudulently applies for or renews medical assistance benefits commits the offense of medical assistance fraud, which is a class C felony. In addition, this measure makes clear that restitution equivalent to the amount of medical assistance benefits paid on behalf of such a recipient of medical assistance benefits shall be paid by the convicted person. Finally, this measure amends section 701-108(3), HRS, to extend the statute of limitations for the offense of medical assistance fraud, thereby allowing medical assistance fraud cases to be brought within three years after discovery of the offense, but in no case more than six years after the expiration of the three-year statute of limitations provided for under section 701-108(2), HRS.

This measure will allow for more effective prosecution of applicants who fraudulently obtain medical assistance paid for by the State. Section 346-43.5 currently could be interpreted to apply only to fraud committed by health care *providers*, and not to fraud committed by individual *recipients* of medical assistance benefits. This measure will make it clear that the section also applies to fraud committed by individual recipients. This measure also will give notice to recipients of medical assistance of this criminal offense and clarifies the type of restitution that will be owed if convicted. It also allows prosecutors to commence actions for medical assistance fraud beyond the standard three-year statute of limitations provided for by section 701-108(2), HRS. This amendment would make the statute of limitations period

consistent with the time limitation allowed for theft of other public assistance benefits such as SNAP (food stamps), financial, or childcare.

For the foregoing reasons, we respectfully request that this measure be passed.