

STATE OF HAWAII  
**DEPARTMENT OF HUMAN SERVICES**

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

February 5, 2015

TO: The Honorable Representative Dee Morikawa, Chair  
House Committee on Human Services

FROM: Rachael Wong, DrPH, Director

SUBJECT: **H.B. 900 - RELATING TO MEDICAL ASSISTANCE FRAUD**

Hearing: Thursday, February 5, 2014, 2014; 8:30 a.m.  
Conference Room 329, State Capitol

**PURPOSE:** The purpose of the bill is to clarify that fraudulently applying for or renewing an application for medical assistance benefits is a class C felony, to clarify the amount of restitution when the fraud is committed by a recipient of medical assistance benefits, define "medical assistance benefit," and to amend the statute of limitations provision under section 701-108, Hawaii Revised Statutes (HRS), to include the offense of medical assistance fraud with other felony offenses involving fraud or deception.

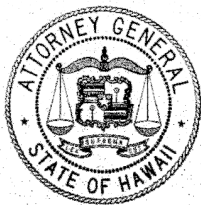
**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) strongly supports this Administration measure that would increase the Attorney General's ability to prosecute medical assistance recipient fraud.

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 Department of the Attorney General for further investigation and prosecution.

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The Attorney General's ability to prosecute Medicaid fraud aids in the recovery of capitation payments. It also serves as a deterrent to others contemplating committing recipient fraud. Prosecution of fraud is an integral tool to help the State ensure program integrity and ensure services are available to those most in need of medical care.

Thank you for the opportunity to testify on this bill.



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

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 900, RELATING TO MEDICAL ASSISTANCE FRAUD.

**BEFORE THE:**

HOUSE COMMITTEE ON HUMAN SERVICES

**DATE:** Thursday, February 05, 2015                      **TIME:** 8:30 a.m.

**LOCATION:** State Capitol, Room 329

**TESTIFIER(S):** Russell A. Suzuki, Attorney General, or  
Laura Maeshiro, Deputy Attorney General

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Chair Morikawa 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 extension of the statute of limitations is warranted because the

fraudulent conduct can often conceal the offense or make it difficult to recognize or discover it. 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, as a result of fraudulent conduct.

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