

A Bill for an Act Relating to the Establishment of a State Medicaid Fraud Unit and Making an Appropriation Therefor.

*Be It Enacted by the Legislature of the State of Hawaii:*

**SECTION 1. Findings and declaration of necessity.** The legislature finds and declares that the immediate establishment of a state medicaid fraud unit is urgent and necessary in view of the following:

- (1) Preliminary studies show an urgent need for the establishment of an investigative and enforcement body to eliminate or minimize fraud in the area of Medicaid assistance;
- (2) Section 17 of Public Law 95-142, the Medicare-Medicaid Anti-Fraud Amendments which were recently signed into law, provides ninety per cent federal funding for a state medicaid fraud unit;
- (3) Since federal funds have been available from October 1, 1977, the State can take immediate advantage of such federal funding by providing the State's share of the necessary funds;
- (4) There is an immediate need to hire personnel to study the applicable federal legislation, to conduct preliminary studies, and to draft necessary legislation pursuant to such studies to implement and effectively carry out the stated purpose of the Medicaid Fraud Unit; and
- (5) Pursuant to Article VI, section 5, of the Constitution of the State of Hawaii, the governor has recommended immediate passage of this appropriation.

**SECTION 2.** Chapter 28, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read:

**"Sec. 28- Medicaid fraud unit.** There is established in the department of the attorney general a medicaid fraud unit.

The unit shall employ such attorneys, auditors, investigators, and other personnel as necessary to promote the effective and efficient conduct of the unit's activities. Except for the attorneys, all other employees of the medicaid fraud unit shall be subject to chapters 76 and 77.

The purpose of the medicaid fraud unit shall be to conduct a statewide program for the investigation and prosecution of medicaid fraud cases and violations of all applicable state laws relating to the providing of medical assistance and the activities of providers of such assistance. The medicaid fraud unit may also review and take appropriate action on complaints of abuse and neglect of patients of health care facilities receiving payments under the state plan for medical assistance and may provide for collection or referral for collection of overpayments made under the state plan for medical assistance that are discovered by the unit in carrying out its activities."

**SECTION 3.** There is appropriated out of the general revenues of the State of Hawaii, the sum of \$361,800, or so much thereof as may be necessary, of which sum \$325,620 shall be reimbursed by federal funds, for the establishment

and operation of a state medicaid fraud unit, which shall consist of not more than ten positions.

SECTION 4. The sum appropriated shall be expended by the department of the attorney general for the purposes of this Act. Any unexpended or unencumbered balance of any appropriation made by the Act as of the close of business on June 29, 1979 shall lapse into the general fund.

SECTION 5. New statutory material is underscored. In printing this Act, the revisor of statutes need not include the underscoring.\*

SECTION 6. This Act, upon approval, shall take effect on January 1, 1978.

(Approved May 23, 1978.)

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\*Edited accordingly.