

## STATEMENT OF PURPOSE

### RS24053

The purpose of this statute change is to reduce the minimum Civil Monetary Penalty rate for each item or service improperly claimed from 25% to 10% and requires the Department of Health and Welfare to promulgate rules clarifying the methodology used when computing and assessing a CMP.

### FISCAL NOTE

In SFY 2015 the Department receipted \$577,000 in CMPs and CMP Interest; these receipts were used to match \$577,000 in federal funds to cover Medicaid Program Integrity Unit costs. Assuming the historical CMP minimum rate of 25%; the CMPs were computed on \$2,308,000 in overpayments ( $\$577,000 / 25\%$ ). If we assume a similar level of overpayments in future fiscal years and a conservative 10% computation for CMPs, we could expect to receipt \$230,800 ( $\$2,308,000 \times 10\%$ ) in CMPs leaving an estimated general fund need of \$346,200 ( $\$577,000 - \$230,800$ ).

If the Department's Indirect Support Services appropriation experiences a drop in its federal participation or earned revenue rate, the Indirect Support Services unit could experience a need in future state fiscal years for an ongoing General Fund appropriation not to exceed \$346,200 to maintain the operations of the Medicaid Program Integrity Unit.

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