

OFFICE OF FISCAL ANALYSIS

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HB-6826

AN ACT CONCERNING LIABILITY FOR FALSE AND
FRAUDULENT CLAIMS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Attorney General	GF - Cost	584,432	798,724
State Comptroller - Fringe Benefits ¹	GF - Cost	250,254	342,014

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in costs to the state of \$834,686 beginning in FY 24 and approximately \$1.1 million in FY 25 and annually thereafter as it expands the False Claims Act by removing the limitation that it only applies to state-administered health and human services programs. Consequently, complaints regarding fraud involving other types of state programs will be newly eligible for investigation by the attorney general.

It is anticipated that in order to handle this program expansion, the Office of the Attorney General will hire seven staff, five Assistant Attorneys General and two Forensics Fraud Examiners. The cost components contained in this estimate are: (1) costs to OAG of \$584,432 in FY 24 (adjusting for the October 1, 2023 effective date of the bill) and

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

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\$798,724 in FY 25 for salaries of the seven staff; and (2) costs to the Office of the State Comptroller of \$250,254 in FY 24 and \$342,014 in FY 25 for associated fringe benefits.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to changes in employee wages and benefits.

There may also potentially be a revenue gain to the state in the out years (after the staff are brought on) to the extent a settlement or judgment is reached. Penalties under the bill are: (1) a civil penalty of between \$5,500 and \$11,000; (2) treble damages; and (3) investigation and prosecution costs of the violation.