

FISCAL NOTE
Requested by Legislative Council
01/10/2017

Bill/Resolution No.: HB 1226

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues					\$1,000,000	
Expenditures			\$156,160	\$1,405,444	\$261,346	\$1,232,059
Appropriations			\$156,160	\$1,405,444	\$261,346	\$1,232,059

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill establishes a Medicaid Fraud Control Unit (MFCU) division in the Office of Attorney General. For a decade the US Department of Health and Human Services (DHHS) has given North Dakota, the only remaining state, a waiver from having a MFCU.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

On January 6, 2017, the Governor received a letter from the DHHS informing North Dakota it would no longer operate under a MFCU waiver. This bill establishes a MFCU in the Office of Attorney General, where it is located in most other states. The MFCU investigates and prosecutes Medicaid fraud activities and false claims by medical service providers, as established in House Bill Nos. 1174 and 1227.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Although not known at this time for North Dakota, neighboring states with similar populations and Medicaid expenditures have seen recoveries ranging between \$9-23 million over a six year period. North Dakota may see Medicaid recoveries at the least the lower part of the range although that is really unknown at this time. It is assumed the recoveries will likely be seen in the 2019-21 biennium given the startup time needed for investigations and adjudication. The estimated general fund revenue for the 2019-21 biennium is \$1 million.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

For the first three years the federal government pays 90% of the unit costs and the general fund is responsible for 10% of the costs. After three years, the federal government pays 75% of the cost and the general fund pays 25% of the cost.

As requested, the MFCU consists of 6 staff members - 2 assistant attorneys general, 2 investigators, 1 auditor and 1 administrative assistant. The estimated cost for the staff and related expenses totals \$1,561,604 for the 2017-19 biennium of which \$1,405,444 is from federal funds and \$156,160 is from the general fund. For the 2019-21 biennium, the estimated costs of the unit total \$1,493,405, of which \$1,232,059 is from federal funds and \$261,346 is from the general fund. The request for 2 assistant attorneys general and 2 investigators results from the unit handling both criminal and civil forfeiture cases. Based on information from other like states this is the number of staff members needed to adequately staff the unit and manage the unit's workload.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Executive budget did not include funding for the unit.

For the 2017-19 biennium, the amount needed for the unit totals \$1,561,604 of which \$1,405,444 is from federal funds and \$156,160 is from the general fund. For the 2019-21 biennium, the estimated costs of the unit total \$1,493,405, of which \$1,232,059 is from federal funds and \$261,346 is from the general fund.

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