



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 24-0913	Date:	January 30, 2024
Prime Sponsors:	Rep. Bird; Taggart Sen. Bridges; Zenzinger	Bill Status:	House Appropriations
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Bill Topic: **MEDICAID PROVIDER SUSPENSION FOR ORGANIZED FRAUD**

Summary of	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
Fiscal Impact:	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill allows the Department of Health Care Policy and Financing to suspend the enrollment of a provider in cases of alleged organized crime or fraud. The bill may minimally impact state expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill , which was recommended by the Joint Budget Committee.

Summary of Legislation

The bill allows the Department of Health Care Policy and Financing (HCPF) to suspend a provider when the department identifies that the provider is participating in an alleged and ongoing organized crime or fraud scheme if the allegation is supported by at least three of several criteria listed in the bill. The department must notify the provider of the suspension in writing.

The initial suspension period is up to six months while HCPF conducts a review of the crime or fraud scheme, and may be extended by additional six month increments if the department documents in writing the need for extending the review. Upon completion of the review, HCPF must reinstate a provider's enrollment where it determines no crime or fraud scheme occurred.

State Expenditures

Expenditures in HCPF may decrease as a result of suspending fraudulent providers. This impact is expected to be minimal under the following assumptions:

- most fraud is currently prevented at the claim level; and
- most clients will find a new provider in the event that their provider is suspended.

HCPF currently has staff and other resources dedicated to screening providers and investigating claims. In the event that a provider is suspended, workload will shift as these teams investigate fewer new claims and focus on providing the necessary documentation to suspend a provider and making a final determination.

Should the new fraud procedures result in significant changes to expenditures, whether in regards to services provided or fraud prevented, it is assumed that any adjustments to appropriations will be made through the annual budget process.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology

Judicial

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).