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MEMORANDUM

To: Reporters and Editors  
Re: False Claims Act  
Da: Thursday, August 9, 2007

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment regarding letters posted Wednesday by the Inspector General for the Department of Health and Human Services announcing that state False Claims Acts passed by New York and Nevada qualified both states for an increased share of recoveries from Medicaid fraud.

“The announcement by Inspector General Levinson is good news for the taxpayers of New York and Nevada, as well as all federal taxpayers. These states now have state False Claims Acts on par with the federal version. By passing state laws that are similar to the federal False Claims Act, these states are now qualified for a greater share of any Medicaid dollars recovered in their states. I’m glad to see the efforts of New York and Nevada and encourage other states to take advantage of this provision and join the nine states that now have qualified state False Claims Acts.”

The False Claims Act has been the federal government’s number one tool for fighting fraud, waste and abuse for the past 20 years. The law has helped the government recover nearly \$20 billion that otherwise would have been lost to fraud, waste, or abuse of government programs, including health care programs like Medicare and Medicaid.

Grassley was the author of two key anti-fraud provisions in the *Deficit Reduction Act of 2005* that enhanced the ability of states and the federal government to collect Medicaid dollars lost to fraud, waste, or abuse. One provision, Section 6031, enhances and strengthens the federal False Claims Act by encouraging states to pass qualifying state False Claims Acts. States that are successful in passing a state version that meets the requirements are eligible to receive an increased 10 percent share of any amounts recovered under a state action brought under a state False Claims Act. For a state False Claims Act to qualify, it must meet minimum requirements including:

1. Establish liability to the state for false or fraudulent claims described in the False Claims Act (FCA) with respect to any expenditures related to State Medicaid plans described in section 1903(a) of the Act;
2. Contain provisions that are at least as effective in rewarding and facilitating qui tam actions for false or fraudulent claims as those described in the FCA;

3. Contain a requirement for filing an action under seal for 60 days with review by the State Attorney General;
4. Contain a civil penalty that is not less than the amount of the civil penalty authorized under the FCA.

A copy of Inspector General Levinson's letters, along with other information on qualifying state FCAs, can be found at <http://oig.hhs.gov/fraud/falseclaimsact.html>.