



Maryland Chamber of Commerce

Legislative Position

**SB 830
OPPOSE**

**Judicial
Proceedings
Committee**

3/4/09

SB 830

Maryland False Claims Act

Bill Summary: This bill would establish additional penalties for the filing of a false claim for state benefits and contracts. The bill would also authorize a person to file suit on behalf of the state for an alleged false claim and recover up to 30 percent of the proceeds of the suit, plus attorney's fees and costs.

Chamber Position: The Maryland Chamber of Commerce opposes this bill because it is an inefficient means of enforcing fraud statutes and will add duplicative new layers of penalties for offenses that are already illegal under existing state and federal law. While we support vigorous enforcement of the law against persons attempting to defraud the state, we do not endorse creating a new private cause of action at the state level for individuals to pursue these claims.

It is the state's job to enforce state law. The fiscal note points out that existing state law provides for the collection of triple damages for persons attempting to defraud the state, with felony sanctions and imprisonment for egregious cases. These state laws are supplemented by the federal False Claims Act that already provides an avenue for a private citizen to file suit on behalf of the federal government for alleged false health claims and receive a share of recoveries. Duplicating the federal law at the state level will increase the number of lawsuits without assuring any increase in fraud recoveries.

For the past 30 years the state has effectively enforced the fraud statutes through the Medicaid Fraud Control Unit of the Office of the Attorney General. The Governor's fiscal year 2010 budget detail (attached) shows that this unit is a good investment and more than pays its way with fraud collections. Fraud recoveries exceeded \$11 million in FY 2008.

We fully support enhanced state funding for the Medicaid Fraud Control Unit if the Attorney General needs additional assistance to enforce state laws. However, there is no reason create a new cause of action for private citizens at the state level to pursue these claims.

For these reasons, we urge an unfavorable report for this bill.

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