

MINUTES OF THE SENATE JUDICIARY COMMITTEE

The meeting was called to order by Chairman John Vratil at 9:30 A.M. on January 10, 2006 in Room 123-S of the Capitol.

All members were present.

Donald Betts- excused

Committee staff present:

Mike Heim, Kansas Legislative Research Department

Jill Wolters, Office of Revisor of Statutes

Helen Pedigo, Office of Revisor of Statutes

Karen Clowers, Committee Secretary

Conferees appearing before the committee:

Kathleen Olson, Kansas Bankers Association

Rep. Sydney Carlin

Rex Beasley, Deputy Attorney General, Director of Medicaid, Fraud Control Unit

Robert Collins, Kansas Tax payers Against Fraud (KTAF), KTAF Policy Research Group

Others attending:

See attached list.

Chairman Vratil welcomed everyone and distributed guidelines for Conferees who wish to appear before the committee. Regular meetings are scheduled Monday through Thursday at 9:30 A.M. in Room 123-S, additional meetings may be scheduled on Fridays later in the session.

Bill Introductions

Senator D. Schmidt introduced a bill relating to driving under the influence of alcohol or drugs; concerning excessive blood or alcohol concentration. Senator Schmidt made the motion to have the request introduced as a committee bill. Senator Donovan seconded the motion. Motion carried.

Senator D. Schmidt introduced a bill concerning firearms and persons authorized to carry concealed firearms. Senator Schmidt made the motion to have the request introduced as a committee bill. Senator O'Connor seconded the motion. Motion carried.

Kathleen Olson requested a bill to amend the Uniform Commercial Code, Article 9. Senator Bruce made the motion to have the request introduced as a committee bill, Senator Goodwin seconded the motion. Motion carried. (Attachment 1)

The hearing on **SB 326 - Concerning civil actions and civil penalties; relating to false and fraudulent claims** was opened.

Senator Derek Schmidt explained the background of the bill and indicated that it would allow the Attorney General an additional tool to attempt to recover monies that were inappropriately paid by the medicaid program. (Attachment 2)

Senator Vratil indicated language (page 2, line 2-4) had been omitted and would be corrected before final action is taken.

Representative Sydney Carlin appeared as a proponent of the bill and requested the bill be expanded to include items to strengthen the bill (Attachment 3). These were:

- all transactions of the state and local governments and not limited to Medicaid/Medicare claims
- add a clause to allow local, county or district attorneys, or any individual and his attorney to bring an action on behalf of the state or local government
- add a protection clause for whistle blowers

CONTINUATION SHEET

MINUTES OF THE Senate Judiciary Committee at 9:30 A.M. on January 10, 2006 in Room 123-S of the Capitol.

Rex Beasley spoke in favor of the bill and suggested several additions to the bill that would strengthen the ability of the Medicaid Fraud Unit to prosecute and penalize offenders (Attachment 4). He offered to put the suggestions in the form of a balloon amendment for the Committee's consideration. Items proposed were:

- sanctions against those who would ignore an administrative subpoena
- define conduct that is inconsistent with sound fiscal, business or medical practice and results in an unnecessary cost to the Medicaid program
- provisions to require all persons, firms, or entities to report inconsistencies and to be protected from adverse action for such reporting
- provisions to prohibit any person, firm, or entity from obstructing the Surveillance and Utilization Systems

Robert Collins appeared as a proponent of the bill and requested the addition of four provisions required under federal legislation which would incur financial incentives for the State of Kansas enacting a false claims law (Attachment 5). These include:

- prohibit the restocking and resale of medicines paid for by a government healthcare plan
- provisions to reward and facilitate *qui tam* (whistle blowers)
- requirement for filing an action under seal for 60 days with review by the Attorney General
- mandatory training of employees of a Medicaid contractors with over \$1 million in business

The following conferees did not appear before the committee but requested that their written testimony in support of the bill be distributed and placed in the committee minutes:

Jerry Slaughter, Executive Director, Kansas Medical Society (Attachment 6).

Thomas L. Bell, Kansas Hospital Society (Attachment 7).

There being no further conferees to come before the committee, the Chairman closed the public hearing on **SB 326**.

The meeting adjourned at 9:33 a.m. The next meeting is scheduled for January 11, 2006.