

STATE OF CALIFORNIA
Budget Change Proposal - Cover Sheet
 DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 0820	Department Justice	Priority No. 2
Budget Request Name 0820-002-BCP-BR-2016-GB		Program LEGAL SERVICES	Subprogram BUREAU OF MEDI-CAL FRAUD AND ELDER ABUSE

Budget Request Description
 Fraud and Elder Abuse Enforcement Enhancement

Budget Request Summary

The Bureau of Medi-Cal Fraud and Elder Abuse (BMFEA) requests a permanent augmentation of \$7,836,000 (\$5,875,000 Federal Trust and \$1,961,000 False Claims Fund) to support thirty-five (35.0) positions and the establishment of three satellite offices. This request is an effort to enhance current enforcement activities in light of the state's increased Medicaid funding for California's low income and dependent adults.

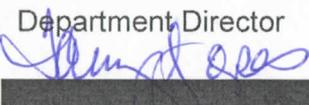
Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed N/A
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO N/A	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

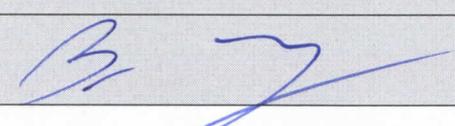
If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By Nichole Aston	Date 11/30/15	Reviewed By Alana Carter	Date 11/30/15
Department Director 	Date 12/3/15	Agency Secretary	Date

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA 	Date submitted to the Legislature 1/7/16
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BCP Fiscal Detail Sheet

BCP Title: Fraud and Elder Abuse Enforcement Enhancement

DP Name: 0820-002-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Positions - Permanent	0.0	35.0	35.0	35.0	35.0	35.0
Total Positions	0.0	35.0	35.0	35.0	35.0	35.0
Salaries and Wages						
Earnings - Permanent	0	2,818	2,818	2,818	2,818	2,818
Overtime/Other	0	381	381	381	381	381
Total Salaries and Wages	\$0	\$3,199	\$3,199	\$3,199	\$3,199	\$3,199
Total Staff Benefits	0	1,516	1,516	1,516	1,516	1,516
Total Personal Services	\$0	\$4,715	\$4,715	\$4,715	\$4,715	\$4,715
Operating Expenses and Equipment						
5301 - General Expense	0	1,228	786	786	786	786
5302 - Printing	0	12	12	12	12	12
5304 - Communications	0	146	146	146	146	146
5306 - Postage	0	9	9	9	9	9
5308 - Insurance	0	9	9	9	9	9
5320 - Travel: In-State	0	134	134	134	134	134
5322 - Training	0	250	41	41	41	41
5324 - Facilities Operation	0	347	347	347	347	347
5340 - Consulting and Professional Services -	0	9	3	3	3	3
5340 - Consulting and Professional Services -	0	79	79	79	79	79
5346 - Information Technology	0	79	79	79	79	79
5368 - Non-Capital Asset Purchases - Equipment	0	576	115	115	115	115
539X - Other	0	243	243	243	243	243
Total Operating Expenses and Equipment	\$0	\$3,121	\$2,003	\$2,003	\$2,003	\$2,003
Total Budget Request	\$0	\$7,836	\$6,718	\$6,718	\$6,718	\$6,718

Fund Summary

Fund Source - State Operations						
0378 - False Claims Act Fund	0	1,961	1,682	1,682	1,682	1,682
0890 - Federal Trust Fund	0	5,875	5,036	5,036	5,036	5,036
Total State Operations Expenditures	\$0	\$7,836	\$6,718	\$6,718	\$6,718	\$6,718
Total All Funds	\$0	\$7,836	\$6,718	\$6,718	\$6,718	\$6,718

Program Summary

Program Funding						
0435019 - Criminal Law	0	7,836	6,718	6,718	6,718	6,718
9900100 - Administration	0	737	671	671	671	671
9900200 - Administration - Distributed	0	-737	-671	-671	-671	-671
Total All Programs	\$0	\$7,836	\$6,718	\$6,718	\$6,718	\$6,718

Personal Services Details

Positions	Salary Information			CY	BY	BY+1	BY+2	BY+3	BY+4
	Min	Mid	Max						
1139 - Office Techn (Typing) (Eff. 07-01-2016)				0.0	1.0	1.0	1.0	1.0	1.0
1282 - Legal Secty (Eff. 07-01-2016)				0.0	3.0	3.0	3.0	3.0	3.0
1312 - Staff Info Sys Analyst (Spec) (Eff. 07-01-				0.0	2.0	2.0	2.0	2.0	2.0
4224 - Investigative Auditor IV (Spec) (Eff. 07-01-				0.0	6.0	6.0	6.0	6.0	6.0
5705 - Dep Atty Gen IV (Eff. 07-01-2016)				0.0	5.0	5.0	5.0	5.0	5.0
8482 - Special Agent - Dept of Justice (Eff. 07-01-				0.0	18.0	18.0	18.0	18.0	18.0
OT00 - Overtime				0.0	0.0	0.0	0.0	0.0	0.0
Total Positions				0.0	35.0	35.0	35.0	35.0	35.0
Salaries and Wages	CY	BY	BY+1	BY+2	BY+3	BY+4			
1139 - Office Techn (Typing) (Eff. 07-01-2016)	0	38	38	38	38	38			
1282 - Legal Secty (Eff. 07-01-2016)	0	135	135	135	135	135			
1312 - Staff Info Sys Analyst (Spec) (Eff. 07-01-	0	147	147	147	147	147			
4224 - Investigative Auditor IV (Spec) (Eff. 07-01-	0	421	421	421	421	421			
5705 - Dep Atty Gen IV (Eff. 07-01-2016)	0	608	608	608	608	608			
8482 - Special Agent - Dept of Justice (Eff. 07-01-	0	1,469	1,469	1,469	1,469	1,469			
OT00 - Overtime	0	381	381	381	381	381			
Total Salaries and Wages	\$0	\$3,199	\$3,199	\$3,199	\$3,199	\$3,199			\$3,199
Staff Benefits									
5150900 - Staff Benefits - Other	0	1,516	1,516	1,516	1,516	1,516			1,516
Total Staff Benefits	\$0	\$1,516	\$1,516	\$1,516	\$1,516	\$1,516			\$1,516
Total Personal Services	\$0	\$4,715	\$4,715	\$4,715	\$4,715	\$4,715			\$4,715

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A. Budget Request Summary

The Bureau of Medi-Cal Fraud and Elder Abuse (BMFEA) requests a permanent augmentation of \$7,836,000 (\$5,875,000 Federal Trust and \$1,961,000 False Claims Fund) to support thirty-five (35.0) positions and the establishment of three satellite offices. This request is an effort to enhance current enforcement activities in light of the state's increased Medicaid funding for California's low income and dependent adults.

- Five (5.0) Deputy Attorney General IV
- Two (2.0) Staff Information Systems Analyst
- Eighteen (18.0) Special Agent
- Six (6.0) Investigative Auditor IV
- One (1.0) Office Technician (Typing)
- Three (3.0) Legal Secretaries

B. Background/History

In 1977, Congress amended the Social Security Act through the Medicare-Medicaid Antifraud and Abuse Amendments and established the Medicaid Fraud Control Program. The federal law, 42 US Code Section 1396b subsection (q), which defines the State Medicaid Fraud Control Unit, requires it to be within the Office of the Attorney General, and provides that the Attorney General investigate fraud investigations and act on complaints of abuse and neglect of patients in facilities paid by Medicaid. Federal regulations, implemented statutes, and subsequent legislation mandates the existence of state Medicaid Fraud Control Units.

In 1978, the California Medicaid Fraud Control Unit, also known as the BMFEA, was created in the Attorney General's Office, Criminal Law Division, through California Government Code Section 12528. The federal Inspector General of the Department of Health and Human Services supervised the grant from the federal government.

The increasing federal Medicaid budget in California presents substantial challenges for the BMFEA to handle without an increase of funds to keep up with the increasing demands related to fraud, abuse and neglect.

Resource History
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures	31,377	32,774	32,946	33,345	33,997
Actual Expenditures	29,185	28,014	27,561	28,928	32,267
Revenues					
Authorized Positions	210.0	199.0	197.0	204.0	204.0
Filled Positions	183.0	177.0	174.0	166.0	185.0
Vacancies	27.0	22.0	23.0	38.0	19.0

On average, the BMFEA opens 1,000 criminal investigations per year. Approximately 55% are criminal investigations investigated by the Special Agent classification and approximately 30% are investigated by the Criminal Investigative Auditor classification. The remaining approximate 15% are backlogged until workload priorities and staffing levels can adjust and gradually take on those responsibilities. It is common for backlogged investigations to carry over fiscal years. In general, the Investigative Auditors typically work as lead investigators on fiduciary elderly abuse, billing fraud associated with In Home Support Services, Residential Care Facilities for the Elderly, and Assisted Living facilities, licensing fraud and identity theft associated with Registered and

Vocational Nurses with fictitious licenses, and other less complex fraudulent Medi-Cal overbilling schemes. The Special Agents typically work all other criminal investigations involving Medi-Cal fraud schemes, prescription drug diversion schemes, and elderly or dependent adult physical abuse and neglect allegations.

BMFEA currently has about 230 backlogged criminal investigation awaiting assignment to an investigator. Historically, backlogged criminal investigations range between 200-300 cases. These are investigations that have been received, processed, and opened by the BMFEA Case Intake and Development (CID) section, however have not been assigned to an investigator for active investigation due to existing workload demands and other priority investigations. On average, BMFEA backlogged investigations are divided into 20% fraud investigations and 80% elderly abuse/neglect investigations. The fraud investigations include, but are not limited to, billing Medi-Cal for unnecessary services and products, services not performed or delivered, overbilling, paying or receiving kickbacks in exchange for billing referrals, licensing fraud, and prescription drug diversion. The elderly abuse/neglect investigations include, but are not limited to, physical abuse, sexual abuse, fiduciary patient abuse, and negligent care resulting in patient harm or death.

Case Backlog

Workload Measure	2016-17
Backlogged Cases up to 12 months old	203 cases
Backlogged Cases 1-2 years old	20 cases
Backlogged Cases 2+ years old	8 cases
TOTAL BACKLOG	231 cases

In addition to addressing the backlogged cases, the BMFEA anticipates an increased number of referrals from outside referring agencies, as well as increasing the number of filings produced by BMFEA staff. Due to the increased funding and staffing levels, BMFEA will become more efficient at bringing investigations to a successful conclusion. This will result in further confidence by those agencies and organizations that send referral investigations to BMFEA, resulting in an increased flow of case referrals. With the significant increase in Medi-Cal eligible beneficiaries, increasing Medi-Cal licensed providers, and an increasing elderly population in California, workload associated with Medi-Cal fraud and elderly abuse and neglect will continue rise as well, creating plenty of ongoing workload for BMFEA.

Listed below are staffing workload assumptions and analyses, identifying current critical BMFEA positions, their workload capacity, as well as the number of positions required for adequate investigation and prosecution of fraud and abuse cases by the BMFEA.

Special Agent Workload Analysis

In an effort to calculate the average Special Agent investigative hours associated with criminal investigations, BMFEA evaluated the complete life of an investigation until adjudication for the Special Agent classification. This equates to approximately 360 hours per adjudicated investigation. Taking into consideration the hours associated with ongoing (not completed) investigations, minor violations involving short term investigations, and the hours attributed to investigations that, due to insufficient evidence, were closed and did not lead to a criminal filings, the average hours per criminal investigation is reduced from approximately 360 hours to approximately 250 hours per investigation. As a result, BMFEA has used the average of 250 hours per investigation in an effort to flex the hours associated with those ongoing investigations and shorter term closing investigations. In an effort to calculate existing workload requirements, excess hours needed for investigations, and Special Agent personnel needed for ongoing and

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recurring backlogged investigations, required for a Special Agent workload analysis, BMFEA utilized the average of 550 investigations per year requiring an average of 250 hour per investigations.

Total Number of Backlog Cases	231
Percentage To Be Worked By Special Agents	55%
Estimated Special Agent Backlog Cases	127
Average Special Agent Hours/Year/Case	250
Hours Needed to Work Cases	31,750
Special Agents Needed (Authorized Hours Per Case/1776)	17.88

Investigative Auditor (Criminal) Workload Analysis

In an effort to calculate the average Criminal Investigative Auditor hours associated with criminal investigations, BMFEA evaluated the complete life of an investigation until adjudication for the Investigative Auditor classification. This equates to approximately 300 hours per adjudicated investigation. Taking into consideration the hours associated with ongoing (not completed) investigations, minor violations involving short term investigations, and the hours attributed to investigations that, due to insufficient evidence, were closed and did not lead to a criminal filings, that reduces the average hours per criminal investigation from approximately 300 hours to approximately 150 hours per investigation. As a result, BMFEA has used the average of 150 hours per investigation in an effort to flex the hours associated with those ongoing investigation and shorter term closing investigations. In an effort to calculate existing workload requirements, excess hours needed for investigations, and Investigative Auditor personnel needed for ongoing and recurring backlogged investigations, required for an Investigative Auditor workload analysis, BMFEA utilized the average of 300 investigations per year requiring an average of 150 hour per investigations.

Total Number of Backlog Cases	231
Percentage To Be Worked By Investigative Auditors	30%
Estimated Investigative Auditor Backlog Cases	69
Average Investigative Auditor Hours/Year/Case	150
Hours Needed to Work Cases	10,350
Investigative Auditors Needed (Authorized Hours Per Case/1776)	5.83

Deputy Attorney General (Criminal Prosecutions) Workload Analysis

In an effort to calculate the average Deputy Attorney General (DAG) hours associated with criminal investigations and prosecutions, BMFEA evaluated the total hours attributed to investigations for the DAG classification. The work hours associated with the DAG include case consultation and strategizing, development and review of court order documents, preparing and filing criminal complaints, preparation and attendance at arraignments, preparation and attendance at preliminary hearings, settlement negotiations, dealing with court related motions, and preparation and attendance at jury trials. The DAG hours equates to approximately 125 hours per investigation. The DAGs have hours associated with criminal investigation on about 300 investigations per year. In an effort to calculate existing workload requirements, excess hours needed for investigations, and DAG personnel needed for ongoing and recurring backlogged

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investigations, required for a DAG workload analysis, BMFEA utilized the average of 300 investigations per year requiring an average of 125 hour per investigations.

Total Number of Backlog Cases	231
Percentage To Be Worked By Attorneys	30%
Estimated Attorney Backlog Cases	69
Average Attorney Hours/Year/Case	125
Hours Needed to Work Cases	8,625
DAGs Needed (Authorized Hours Per Case/1776)	4.86

Staff Information Systems Analyst (Staff ISA) Computer Forensics Investigation Team (CFIT) Workload Analysis

To calculate the average Staff Information System Analyst (SISA) hours associated with criminal investigations and prosecutions, BMFEA evaluated the total hours attributed to investigations for the SISA classification for Computer Forensic evidence handling and processing. The work hours associated with the SISA include case consultation and strategizing, recovery of computers and associated recorded media containing digital evidence, imaging computer hard drives, recovering cellular telephone storage evidence, provide expertise on technology and access to electronic medical records, network access, cloud storage, review of electronic medical records, and writing reports. The SISA hours equates to approximately 140 hours per investigation. The SISAs have hours associated with criminal investigation on about 70 investigations per year. In an effort to calculate existing workload requirements, excess hours needed for investigations, and SISA personnel needed for ongoing and recurring backlogged investigations, required for a SISA workload analysis, BMFEA utilized the average of 70 investigations per year requiring an average of 140 hours per investigation. Investigative progress is often delayed due to the lack of available SISA for computer imaging and electronic record review and written reports. It is also anticipated that reliance on computer forensic experts will only increase due to advancements in technology, electronic record retention, and increased use of computer networks and cloud storage.

Total Number of Backlog Cases	231
Percentage To Be Worked By Staff ISAs	7%
Estimated Staff ISA Backlog Cases	16
Average Staff ISA Hours/Year/Case	140
Hours Needed to Work Cases	2,240
Staff ISAs Needed (Authorized Hours Per Case/1776)	1.26

C. State Level Considerations

42 U.S.C. §1396b(q) requires California to conduct this statewide enforcement program in the investigation and prosecution of violations of all applicable state and federal laws regarding any and all aspects of fraud by providers of Medicaid services as a condition of the receipt of 75% of federal funding for the program. (42 U.S.C. §1396b(a)). Failure to effectively carry out this mandate risks continuing federal funding. As such, there are federal and state statutes and regulations regarding the Department of Justice, Bureau of Medi-Cal Fraud and Elder Abuse authority, funding, and responsibility with respect to the investigation and prosecution of Medicaid Fraud and the abuse or neglect of elderly and dependent adults. Please refer to the following

additional sections: 77 Code of Federal Regulations 32645 and California Government Code 12528.

D. Justification

The BMFEA's mission is to investigate and prosecute, both criminally and civilly, health care providers who defraud the Medi-Cal program and those who abuse or neglect elderly and dependent adults in care facilities. The Bureau strives to lead the nation as the premier Medicaid Fraud Control Unit, combatting healthcare fraud and the abuse of elderly and dependent adults.

The Affordable Care Act and California's healthcare program, Covered California, has expanded to require healthcare coverage which has significantly increased the number of low income, disabled and/or dependent adult citizens eligible for Medi-Cal in California, thereby increasing the number of licensed Medi-Cal providers in California. In addition, as a result of the baby boomer generation, the aging population continues to grow and enter Skilled Nursing Facilities and care homes on an increasingly frequent basis. The BMFEA is California's authorized Medicaid Fraud Control Unit ("MFCU"). It is the only law enforcement agency in California specifically mandated and funded by provisions of the Social Security Act to investigate and prosecute, criminally and civilly, Medi-Cal provider fraud and the abuse and neglect of elderly dependent adults in Medi-Cal funded Skilled Nursing Facilities and care homes.

There has been a significant expansion in the size of California's Medicaid program over the past several years, which includes the recent drastic expansion as a result of the new federal health care law termed the Patient Protection and Affordable Care Act of 2010. As a result, in 2010, California was the first state in the nation to enact legislation to implement the provisions of the federal Affordable Care Act by creating a health care marketplace referred to as Covered California. This enabled millions of Californians to choose affordable, high-quality health insurance coverage offered through Covered California that took effect January 2014. As a result, Medi-Cal coverage expanded in 2014 for low-income families, children, pregnant women, seniors, and persons with disabilities, to provide for essential health benefits. These services include, but are not limited to, outpatient services, emergency services, hospitalization, maternity and newborn care, mental health and substance abuse disorder services, prescription drugs, rehabilitative services, laboratory services, preventative services, pediatric services, individual and group psychotherapy, psychological testing for mental health evaluation, drug therapy monitoring, psychiatric consultation, inpatient drug detoxification, outpatient drug treatment, and dental and vision care for adults. This Medi-Cal expansion and outreach opened the door for millions more low income Californians under age 65 to become eligible for health coverage.

From 2004 through 2014, the number of enrolled Medi-Cal beneficiaries has almost doubled, increasing from 6.5 million to 12.1 million beneficiaries. The most significant increase occurred from 2013 to 2014, when the enrolled Medi-Cal beneficiaries jumped from 8.6 million to 12.1 million beneficiaries. Likewise, the number of enrolled licensed Medi-Cal providers has also doubled from 67,764 in 2004 to 137,168 in 2014. Currently, with California's population at about 39 million, that equates to approximately 1 in 3 (33%) Californians enrolled in Medi-Cal. In contrast, in 2004 California's population was 5 million with about 6.5 million enrolled Medi-Cal beneficiaries, equating to approximately 1 in 5.5 (18%) Californians enrolled in Medi-Cal.

In the past several years, California's Department of Health Care Services budget allotment for Medi-Cal has increased significantly to \$96 billion, while the BMFEA's budget for enforcement in the investigation and prosecution of Medi-Cal Fraud and Elder Abuse has declined by \$1.7 million and the closure of six BMFEA regional and satellite offices, and the loss of 36.0 positions. Our ability to protect the integrity of the program is seriously hampered by California's inability to meet

the demand for enforcement efforts. The BMFEA requests to add 35.0 positions to all areas within the BMFEA, including three satellite offices (Fresno, Riverside, and San Francisco Bay area), in order to reestablish and improve the overall function and effectiveness of this program. By increasing our enforcement resources and regional coverage, the BMFEA can better manage backlogged investigations, complete ongoing and active investigations, and conduct investigations and prosecutions of new matters in a more timely and successful manner. With the existing overwhelming workload and limited staffing resources, the BMFEA is unable to adequately investigate and prosecute violators without substantial delays in the investigations, resulting in significant backlogged cases. Sadly, these delays and backlogs have resulted in ongoing fraud schemes, deaths of abused and neglected victims, and deteriorating victim and witness capabilities. Referrals of criminal allegations and complaints continue to be received by the BMFEA, which are delayed or referred to other local agencies due to insufficient resources.

California administers the largest Medicaid program in the United States at \$68.2 billion, while our total Medicaid Fraud Control Unit ("MFCU") funding for investigations and prosecutions is \$33.9 million (75% federal funding at \$25.1 million, 25% state match fund at \$8.8 million, supporting 205 total positions). By comparison, New York funds its MFCU at over one-and-a-half times California's funding at \$53.1 million, even though New York's total Medicaid budget is less than California's. Further, a comparison of the funding for the nation's four largest states' MFCU as a percentage of the states' full Medicaid funding reveals that California's funding is at the lowest end at 0.048%.

E. Outcomes and Accountability *(Provide summary of expected outcomes associated with Budget Request and provide the projected workload metrics that reflect how this proposal improves the metrics outlines in the Background/History Section.)*

According to the United States Accounting Office and health insurance industry sources, it is estimated that between 3% and 10% of any state's Medicaid budget is lost due to fraud and abuse. The public harm caused by Medi-Cal fraud manifests itself in two manners: (a) increased taxes for the purpose of generating revenues to replace those that are stolen, or (b) the diminution of already scarce public health care funding, resulting in reductions in coverage and/or services. The BMFEA criminal and civil investigations regularly result in adjudications involving monetary orders. These orders include fines and penalties, cost of investigations, civil damages, sanctions, and victim restitution. The totality of these monetary recovery orders are typically in the hundreds of millions of dollars every year.

The BMFEA's False Claims Act cases are filed against various providers of health care services and goods who submit false claims to California's Medicaid program. Cases investigated and filed by BMFEA include over-charging the Medi-Cal program, the substitution of more expensive drugs or tests for less expensive ones, off-label marketing promoting drugs not approved by the Federal Drug Administration, false marketing claims, illegal rebates or other kickbacks, and violations of self-referral laws. Settlement funds that are obtained from the prosecution of these cases are often deposited into the General Fund.

In 2009-10, BMFEA submitted a BCP (Federal Trust \$1,972,000 and False Claims Fund \$657,000) for additional civil prosecution positions in order to maintain efficiency with civil False Claims Act prosecutions and settlements, both for state investigations and joint global investigations associated with the National Association of Medicaid Fraud Control Units (NAMFCU) for complex large scale fraud schemes that cross multiple state boundaries. To date, the settlements generated by this BCP have reimbursed the General Fund by \$77.4 million.

In essence, the BMFEA is a revenue generating investigation and prosecution bureau for the state's General Fund. On average, BMFEA recovers \$6 to \$7 dollars for every dollar of the BMFEA operating budget. As indicated previously, BMFEA is primarily special funded, with 75% of the operating budget being federal funds and 25% of the operating budget being matching state funds. For further consideration, per current federal regulations, the federal government will fund a state's Medicaid Fraud Control Unit (BMFEA) for up to ¼ of 1% (.0025) of the total state Medicaid funding allocation. The current BMFEA operating budget is \$25.1 million (75%) and \$8.8 million state match (25%) for a total of \$33.9 million. Since California's budget for Medicaid services is \$68 billion, the federal government will theoretically fund BMFEA in the amount of approximately \$170 million, provided there is a 25% state budget match.

F. Analysis of All Feasible Alternatives

Alternative 1. Approve Spending and Position Authority as Proposed for False Claims Act Litigation Recovery.

Approve the BMFEA request of \$7,836,000 (\$5,875,000 Federal Trust and \$1,961,000 False Claims Fund) to support thirty-five (35.0) positions and three satellite offices. This will allow BMFEA to improve the overall function and effectiveness of BMFEA in light of the state's increased Medicaid funding for California's low income and dependent adults.

Alternative 2. Carry Out Mission with Existing Funding and Staffing.

Replace the state match funding with additional General Fund authority instead of additional False Claims Funds authority.

Alternative 3. Carry Out Mission with Existing Funding and Staffing.

This is not a viable alternative because current staffing levels and lack of office locations are not sufficient to maintain the workload.

If this request is denied, it would result in a continuous increase of backlogged fraud, abuse and neglect cases to a point that is irrecoverable, and would further jeopardize the existence of the Medi-Cal program and the safety of California citizens.

G. Implementation Plan

If this proposal is approved, the hiring plan and office searches will begin immediately upon approval and availability of spending and position authority.

To ensure that it uses the requested resources appropriately, the BMFEA will adhere to its own policies and procedures related to time tracking. The new personnel will be required to input their time into the time management system utilized by the BMFEA. Current practices and procedures require managers and supervisors of personnel to regularly monitor case progress and backlogged investigations.

H. Supplemental Information (*Describe special resources and provide details to support costs including appropriate back up.*)

None.

I. Recommendation

Alternative 1. Approve Spending and Position Authority as proposed from False Claims Fund to address the growing backlog, and increase risk for fraud and abuse.