



# Kansas Bureau of Investigation

Kirk D. Thompson  
*Director*

Derek Schmidt  
*Attorney General*

Testimony of Kyle Smith,  
Assistant Attorney General/Deputy Director  
Kansas Bureau of Investigation  
In support of SB 59  
Before the House Judiciary Committee  
March 6, 2013

Chairman Kinzer and Members of the Committee,

On behalf of Attorney General Derek Schmidt I appear today in support of SB 59, legislation to help protect the state treasury.

Fraud is by definition based on false information and fabrications that are designed to look legitimate and avoid detection. As such, inside information is vital in discovering many, if not most, white collar crimes.

Within the Attorney General's Office is the statutorily created Medicaid Fraud Unit which is charged with investigating health care provider fraud committed against the Kansas Medicaid Program, as well as physical abuse or neglect, and financial exploitation of patients in residential care facilities. Last year the unit obtained over \$23.9 million in recoveries. About ten of the convictions each year stem from tips received from private sources.

SB 59 creates a program to authorize rewards for such tips. The Attorney General's Office would be allowed to use funds from the Medicaid fraud prosecution revolving fund to pay for tips that lead to an entry of judgment in civil cases or a conviction in those investigations which are prosecuted criminally. Rewards would be capped at no more than \$5,000 per case, but based on other such programs, more realistically average \$2,500. Based on the current recovery average of over \$8,000 per case for non-law enforcement referrals, the program would more than pay for itself.

In addition, the language is intentionally broad so that the program could apply to any false claims or fraudulent act against the integrity of the public treasury. These tips may be handled within the AG's office, or referred to the KBI, FBI or a local law enforcement agency if more appropriate.

In short, SB 59 is an excellent advancement in protecting both tax payer dollars and integrity in our systems - and one with a positive financial impact on the budget. We would urge your consideration and passage of SB 59.

I would be happy to stand for questions.

