

Department of Planning and Budget 2023 Fiscal Impact Statement

1. Bill Number: HB1452

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Robert D. Orrock, Sr.

3. Committee: Courts of Justice

4. Title: Appointment of sworn unit investigators to Medicaid Fraud Control Unit.

5. Summary: Allows the Attorney General to designate up to 30 persons in the Medicaid Fraud Control Unit as sworn unit investigators, with the power to investigate allegations of (i) fraud in the State Medical Assistance Plan; (ii) abuse and neglect of adults; (iii) misappropriation of a patient's private funds while in the care and custody of others; and (iv) any criminal offense ancillary to such allegations. The bill defines sworn unit investigators as law-enforcement officers eligible for Virginia Law Officers' Retirement System benefits and allows the Attorney General or his designee to request that the Director of the Department of Criminal Justice Services exempt a sworn unit investigator from compulsory minimum training standards for law enforcement officers on the basis of prior experience. The bill grants the Attorney General authority to issue identification and uniforms designating sworn unit investigators as law-enforcement officers, including use of the seal of the Commonwealth.

6. Budget Amendment Necessary: Yes, Items 62 and 498.

7. Fiscal Impact Estimates:

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2023	\$57,000	0	Trust and Agency
2024	\$72,713	0	Special
	\$201,467		Federal
2025	\$72,713	0	Special
	\$201,467		Federal
2026	\$72,713	0	Special
	\$201,467		Federal
2027	\$72,713	0	Special
	\$201,467		Federal
2028	\$72,713	0	Special
	\$201,467		Federal
2029	\$72,713	0	Special
	\$201,467		Federal
2030	\$72,713	0	Special
	\$201,467		Federal

- 8. Fiscal Implications:** This legislation would allow the Attorney General to designate up to 30 employees in the Medicaid Fraud Control Unit as sworn unit investigators. The bill defines sworn unit investigators as law-enforcement officers eligible for the Virginia Law Officers' Retirement System (VaLORS), and also eligible for the Line of Duty Act (LODA) benefits. The employer contribution rate for the VaLORS plan for fiscal year 2024 is 24.60% of payroll as compared to 14.46% for the State plan. The current annual LODA premium per eligible employee for fiscal year 2024 is \$830. Based on current payroll estimates, the Office of the Attorney General and Department of Law (OAG) will need \$249,280 of nongeneral fund appropriation to cover the additional VaLORS contributions and \$24,900 nongeneral fund appropriation to cover the LODA premiums per year. The Medicaid Fraud Control Unit is funded through federal grants as well as settlement funds, the funding split is approximately 75% federal to 25% special funds (from prior settlements).

The Virginia Retirement System (VRS) indicates the one-time implementation costs are estimated to be approximately \$57,000 in FY 2023, paid for from current funds in the VRS trust account. This does not include the impact to current or future contribution rates or to the funded status of the plans, which are discussed below. The estimated costs take into account system changes that would need to be made upon the effective date of this legislation to accurately reflect benefits for a new population of VaLORS members. Additionally, the cost of reprinting VRS handbooks and other benefit materials will be allocated across any bills that require materials to be reprinted out of cycle.

The addition of 30 Medicaid Fraud Control Unit sworn unit investigators to VaLORS is not expected to cause a material change in the employer contribution rate as 30 new members would represent a small portion of the approximately 7,300 active members already covered in VaLORS. VaLORS is a pooled retirement plan and the employer contribution rates are based on the demographics of the total covered employee group. The prospective addition of these investigators to VaLORS is not expected to increase the plan's unfunded liability.

The Department of Human Resource Management (DHRM) indicates, the addition of 30 Medicaid Fraud Control Unit sworn unit investigators should have no fiscal impact to the workers' compensation program. The impact to LODA premiums is indeterminate at this time.

- 9. Specific Agency or Political Subdivisions Affected:** The Office of the Attorney General and Department of Law; The Virginia Retirement System; The Department of Human Resource Management

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** This legislation would allow the Attorney General to designate up to 30 employees in the Medicaid Fraud Control Unit as sworn unit investigators. The bill defines sworn unit investigators as law-enforcement officers eligible for Virginia Law Officers' Retirement System benefits and allows the Attorney General or his designee to request that the Director of the Department of Criminal Justice Services exempt a sworn unit investigator

from compulsory minimum training standards for law enforcement officers on the basis of prior experience. The bill also provides LODA benefits to these employees.

Because these members do not currently participate in VaLORS, some of them participate in the Hybrid Retirement Plan. If this bill passes, these members will be placed in VaLORS and will no longer participate in the Hybrid Retirement Plan. Because this legislation places these members in VaLORS prospectively, prior service in the Medicaid Fraud Unit will not be considered hazardous duty service. If the member had any other prior hazardous duty service, it would be eligible for the VaLORS 2% multiplier.

In 1999, the General Assembly and Governor established VaLORS to provide benefits generally equivalent to those received by state police officers and other law enforcement positions. There have been numerous bills introduced, but not enacted, since then to add certain groups to the VaLORS membership. VaLORS provides a multiplier of 2.00% on service accrued under the plan. The hazardous duty supplement is only available to VaLORS members who were in service prior to July 1, 2001 and who did not make an election to receive the higher multiplier in lieu of the hazardous duty supplement. Employees who become members of VaLORS on or after July 1, 2001 or who have a break in service from VaLORS and who return, are eligible for the 2.00% multiplier but not the supplement. VaLORS members are eligible for unreduced retirement at age 60 with at least five years of service credit, or at age 50 with at least 25 years of service credit. With the exception of certain members who were in service on June 30, 2002, and July 1, 2002, and who had five years of non-hazardous duty service at the time, all current VaLORS members must have at least five years of hazardous duty service (State Police, VaLORS, or enhanced hazardous duty service in a political subdivision) to retire under VaLORS provisions. If this legislation is enacted, any member who has at least five years of service in a hazardous duty position, including prospective service as a sworn unit investigator in the OAG Medicaid Fraud Unit, will be eligible (at the time of their retirement) to receive a retirement benefit under VaLORS. For these sworn unit investigators, prior service that was not hazardous duty will not be counted as hazardous duty service for the purpose of vesting to the hazardous duty benefit.

Depending on the demographics and experience of the 30 sworn unit investigators, their eligibility for LODA benefits may impact future LODA premium rates for the Line of Duty Death and Health Benefits Fund.

Date: 1/16/2023