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**DEPARTMENT OF LAW**

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**Attorney General Phil Weiser**  
**Testimony on House Bill 22-1119**  
**Before the Committee on the Judiciary,**  
**Colorado House of Representatives**  
**- March 15, 2022 -**

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Chairman Weissman, Ranking Member Carver, and members of the Committee, thank you for the opportunity to discuss House Bill 22-1119.

I am very grateful to Representative Gray who worked with us in developing this important bill. I'm also particularly appreciative of all of advocates who reached out to offer their input. This is a very complex area of law. Having stakeholder feedback and receiving their helpful suggestions, which you will see later as proposed amendments for your consideration, served to significantly strengthen this bill and ensure it accomplishes our goals while not placing unintended legal risks on state and local contractors.

The Colorado False Claims Act is largely based off the federal False Claims Act, and is designed to guard against persons and companies who defraud state governmental programs by: (1) giving state and local governments the tools needed to pursue actions and proper penalties against fraudsters and companies that attempt to divert taxpayer dollars; and (2) leveraging additional enforcement by allowing private whistleblowers with personal knowledge of the fraud, called relators, to file actions on behalf of the government under the supervision of the State.

These increased enforcement mechanisms provide new and more robust avenues to target criminal actors who seek to illegally divert government funds. With the rise in the number of available government contracts and federal grants in the wake of new federal investments in a range of areas, it is increasingly important to deter and remediate against fraudulent activity committed against the government and ensure that taxpayer dollars are protected for their intended and proper purposes.

The fraud enforcement tools created by HB 22-1119 are coupled with meaningful penalties for fraudulent action—this adds a critical layer of deterrence.

And, importantly, the bill provides robust protections for whistleblowers who alert others to fraud. Taken together, the bill provides the structure necessary to identify incidents of fraud, protect public funds, and pursue those who illegally take taxpayer dollars.

This bill is an important complement to Colorado’s existing Medicaid False Claims Act,<sup>1</sup> which has been a valuable tool for my office in combating health care fraud and recovering \$116 million in taxpayer funds since 2010. The Medicaid False Claims Act, however, is limited in scope. Consequently, my office is left without the tools required to adequately protect against other types of fraud that impact a much wider range of state and local government expenditures. HB 22-1119 fills this needed gap and provides my office and local governments with the added tools necessary to protect critical taxpayer and other dollars from criminal actors that seek to defraud public funds.

The bill before you today is modeled after the federal False Claims Act enacted during the Reagan Administration, which updated the original Civil War-era false claims law.<sup>2</sup> Following the federal government’s lead, many states have enacted their own state false claims laws, modeled on the federal False Claims Act. Colorado, which passed our Medicaid False Claims Act in 2010, is one of 17 states that have adopted a model of the federal False Claims Act that applies to fraud committed by Medicaid providers. Another 21 states have a more general false claims act applying broadly to government expenditures, all but one of which (Oregon) authorizes civil lawsuits by private plaintiffs (referred to as “relators”). As we work to implement this law, Colorado will have the benefit of learning from other state’s experience and best practices. And passing HB 22-1119 will help reinforce Colorado’s position as a leader in protecting taxpayer dollars and the public trust.

As you are aware, State and local government budgets have received significant infusions of federal dollars since the beginning of the pandemic through federal stimulus and recovery legislation. With this influx of public money—and federal requirements to expend these funds swiftly—we face heightened risks that criminals and fraudsters divert these dollars, preventing them from helping the projects and people they are intended to support. This means that a Colorado false claims act is more important now than it was before. Passing HB 22-1119 is a responsible step to ensure we responsibly protect taxpayer money and hold fraudulent actors accountable for their illegal conduct.

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<sup>1</sup> Colorado Medicaid False Claims Act, COLO. REV. STAT. § 25.5-4-303.5 to 310 (2020).

<sup>2</sup> False Claims Act, 31 U.S.C.A. §§ 3729–33 (2020).

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Thank you for the opportunity to submit these comments to you today in support of HB 22-1119. I appreciate your consideration and am happy to answer any questions the Committee may have.