



Connecticut **Business & Industry** Association

Testimony Of  
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Connecticut Business & Industry Association  
Human Services Committee  
Legislative Office Building  
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My name is Kevin Hennessy. I am a staff attorney for the Connecticut Business and Industry Association (hereinafter "CBIA"). CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. The vast majority of our member companies have fewer than 50 employees.

CBIA **opposes** SB 1128, *An Act Implementing the Governor's Budget Recommendations with Respect to Social Services Programs*. Generally, CBIA is opposed to Sections 21-35 of SB 1128, the sections that establish a "False Claims Act" in Connecticut. Specifically, CBIA is opposed to Section 38 of SB 1128, the section that unduly punishes pharmacies.

CBIA is opposed to a state False Claims Act because such acts are easily abused in unintended ways. For example, the rewards for whistleblowers will encourage the filing of fraudulent False Claims. The incentive for abuse poses a real danger to even the most scrupulous business. Established and reputable businesses with a history of providing quality work could be forced out of business based on unfounded claims.

Additionally, companies making long-term commitments will likely avoid markets where False Claims Act abuse creates insurmountable exposure to prolonged investigations and litigation, public humiliation and possible suspension and debarment from government contracting.

The unintended consequences of a state False Claims Act will unfairly place a significant burden on legitimate businesses. Connecticut already has a reformed statutory scheme for investigations and civil actions by the Attorney General and investigations and hearings by the Office of State Ethics. Additionally, sanctions for defrauding the state and penalties for criminal fraud under the jurisdiction of the Chief States Attorney are also available. Adopting a state False Claims act is unnecessary.

Finally, CBIA is very concerned with Section 38 which puts an undue burden on pharmacies. This section states that pharmacies can not seek payment from the Department of

Social Services or other medical assistance programs unless the recipient's additional insurance coverage is exhausted. CBIA respectfully requests that Section 38 is not adopted.

For the aforementioned reasons, CBIA urges the members of the Human Services committee to reject **SB 1128**.

Thank you for the opportunity to voice CBIA's concerns and comments.