



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 5, 2009

H.R. 1788 **False Claims Act Correction Act of 2009**

As ordered reported by the House Committee on the Judiciary on April 28, 2009

H.R. 1788 would amend certain provisions of the False Claims Act (FCA), which generally provides that a person who knowingly submits a false or fraudulent claim for overpayments to the U.S. government may be subject to a civil action in a federal court. The FCA also allows for private individuals with knowledge of past or present fraud committed against the government to file qui tam claims against federal contractors. In qui tam claims, such individuals (known as relators or whistleblowers) receive a share of any amounts recovered as a result of such claims. The amendments in the bill would take effect on the date of enactment and most would apply to cases pending or filed on or after such date. Among other changes, the bill would:

Stipulate that individuals who present false claims to contractors, grantees, and others can be held liable under the FCA (under current law, that liability exists only for false claims presented to government employees);

Clarify that only actions where all the essential parts of a case are derived from public disclosure can be dismissed; and

Set a uniform statute of limitations of eight years for any claim brought under the FCA.

Each year, the Department of Justice's (DOJ's) docket includes several hundred cases filed under the FCA. In 2008, the government recovered more than \$1.3 billion from settlements and judgments in such cases. Under H.R. 1788, the government would be able to initiate additional FCA cases that it otherwise would not be able to pursue. Accordingly, additional litigation activities could require more resources. Funding needed for such activities would depend on the complexity and number of cases DOJ chooses to pursue and would be subject to the availability of appropriated funds.

More prosecutions also would result in the collection of civil fines, which are recorded in the budget as revenues, and additional recoveries, which are recorded as offsetting receipts and collections to the government. CBO cannot estimate the magnitude of such amounts because the outcome of any new FCA cases pursued as a result of this legislation is uncertain. Furthermore, the outcome of cases that might be prosecuted under other authorities if H.R. 1788 were not enacted is unknown.

H.R. 1788 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Leigh Angres. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.