

NORTH CAROLINA GENERAL ASSEMBLY  
1979 SESSION

CHAPTER 510  
HOUSE BILL 564

AN ACT TO PROHIBIT ACTS OF MEDICAID FRAUD AND ABUSE BY PROVIDERS  
AND ADMINISTRATORS AND TO PROVIDE PUNISHMENT FOR SUCH CRIMES.

The General Assembly of North Carolina enacts:

**Section 1.** General Statutes Chapter 108 is amended by adding the following sections to Part 5 of Article 2:

"§ 108-61.5. **Medicaid fraud.** — (a) It shall be unlawful for any provider of medical assistance under this Part to knowingly and willfully make or cause to be made any false statement or representation of a material fact:

- (1) in any application for payment under this Part, or for use in determining entitlement to such payment; or
- (2) with respect to the conditions or operation of a provider or facility in order that such provider or facility may qualify or remain qualified to provide assistance under this Part.

(b) It shall be unlawful for any provider of medical assistance to knowingly and willfully conceal or fail to disclose any fact or event affecting:

- (1) his initial or continued entitlement to payment under this Part; or
- (2) the amount of payment to which such person is or may be entitled.

(c) Any person who violates a provision of this section shall be guilty of a felony and, upon conviction, shall be punished by a fine of not more than ten thousand dollars (\$10,000) or imprisonment for not more than five years, or both, in the discretion of the court.

"§ 108-61.6. **Protection of patient property.** — (a) It shall be unlawful for any person:

- (1) to willfully commingle or cause or solicit the commingling of the personal funds or monies of a recipient resident of a provider health care facility with the funds or monies of such facility; or
- (2) to willfully embezzle, convert, or appropriate or cause or solicit the embezzlement, conversion or appropriation of recipient personal funds or property to his own use or to the use of any provider or other person or entity.

(b) A violation of subdivision (a)(1) of this section shall be a misdemeanor punishable by a fine of not more than two thousand dollars (\$2,000) or imprisonment for not more than two years, or both, in the discretion of the court. A violation of subdivision (a)(2) of this section shall be a felony punishable by a fine of not more than five thousand dollars (\$5,000) or imprisonment for not more than five years, or both, in the discretion of the court.

(c) For purposes of this Part:

- (1) 'health care facility' shall include skilled nursing facilities, intermediate care facilities, rest homes, or any other residential health care facility; and
- (2) 'person' includes any natural person, association, consortium, corporation, body politic, partnership, or other group, entity or organization; and
- (3) 'recipient' shall include current resident recipients, deceased recipients and recipients who no longer reside at such facility."

**Sec. 2.** G.S. 108-48(b) is amended in line 7 by striking the words, "as in cases of larceny" and by substituting therefor the following:

"by a fine of not more than ten thousand dollars (\$10,000) or imprisonment for not more than five years, or both, in the discretion of the court."

**Sec. 3.** This act shall become effective on October 1, 1979.

In the General Assembly read three times and ratified, this the 3rd day of May, 1979.