

July 9, 2025

Members of the Pennsylvania House of Representatives:

On behalf of Pennsylvania's hospitals and health systems, we respectfully urge you to **vote NO on House Bill 1697**, sponsored by Representative Frank Burns, which would establish a state-level False Claims Act.

The hospital community shares the goal of preventing fraud and protecting taxpayer dollars. However, this bill would have serious unintended consequences for patient care and Pennsylvania's health care system.

House Bill 1697 would allow private individuals and their attorneys to bring lawsuits against hospitals and other providers. This additional legal exposure comes at a time when hospitals are already facing historic financial challenges. In many communities, especially rural areas, a single frivolous lawsuit compounded by impending negative financial impacts from federal changes could be enough to push a hospital to reduce services or close, leaving patients with fewer care options.

HAP encourages you to consider these key points:

- **Federal False Claims law already exists:** The federal False Claims Act already applies to Medicaid claims and provides 100 percent protection for states against all types of Medicaid fraud. It allows the Department of Justice to pursue cases involving serious fraud, while maintaining fairness for providers that may make honest mistakes. The primary difference with a state law is the additional payment to whistleblowers and their attorneys.
- **Pennsylvania's Medicaid error rate is among the lowest in the nation:** Federal data show that Pennsylvania's Medicaid [improper payment rate](#) is 2.5 percent, significantly below the national average. Most of these errors are related to documentation issues, not intentional fraud. This reflects the ongoing efforts by providers and the state to prevent fraud and maintain program integrity.
- **Patient access could be harmed:** Hospitals across Pennsylvania, especially in rural and underserved communities, are facing extreme financial pressure. New legal exposure could force hospitals to cut back services, reduce staff, or close altogether. This would leave many Pennsylvanians with fewer options for emergency care, maternity services, and other vital health needs.

House Bill 1697 would worsen negative impacts on community health and economic stability throughout the commonwealth. Given these factors, HAP encourages careful consideration of whether additional litigation risk is necessary, especially at a time when hospitals face serious financial and operational challenges.

Hospitals are focused on delivering care, not committing fraud. When mistakes happen, they are corrected through existing oversight processes. Encouraging frivolous and opportunistic lawsuits that seek financial rewards could ultimately take resources away from patient care.



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Please vote **no** on House Bill 1697.

Sincerely,

Arielle Chortanoff
Vice President, State Advocacy