
Connecticut's Expanded False Claims Act

In July 2023, Connecticut significantly expanded its False Claims Act (FCA), a move that broadens the state's ability to combat fraud and recover taxpayer dollars. Previously, Connecticut's FCA was limited to healthcare-related claims (reflecting a nationwide trend that took off after the federal Deficit Reduction Act of 2005 incentivized states to launch their own state-level FCAs). The recent legislative change extends the scope of Connecticut's FCA to all claims for money or property owed to the state of Connecticut, enabling the state to target fraud in other areas involving government programs and contracts.

The Need for Expansion

The expansion was driven by growing concerns about fraud and misuse of public funds in areas outside of healthcare. While healthcare fraud remains a critical issue, fraud schemes affecting other sectors, such as public contracting, grants, and procurement, have become increasingly sophisticated and costly. Connecticut's decision to expand its FCA reflects its recognition that limiting the law to healthcare claims leaves significant potential for unchecked fraud .

State Attorney General William Tong was a key advocate for the expansion. He argued that by broadening the FCA's scope, the state would be better equipped to protect its financial interests, ensuring that businesses and individuals who defraud the government are held accountable. The change allows Connecticut to address fraudulent actions more comprehensively, deterring misconduct across a wider range of government activities.

Key Provisions of the Expanded FCA

Under Connecticut's expanded FCA, the state can pursue cases of fraud involving any state or municipal funds, not just those related to healthcare programs like Medicaid. ([Conn. Gen. Stat. §§ 4-274 et seq.](#))

The law now applies to a wide range of false claims, such as contracts, grants, subsidies, and other public spending. Thus, the new law gives the state more tools to pursue entities that knowingly submit false claims or engage in fraudulent practices to obtain government money.

One notable feature of the FCA is its "whistleblower" or "qui tam" provision, which allows private citizens to file lawsuits on behalf of the state against individuals or entities that defraud government programs. These whistleblowers, often insiders (but not only insiders) with knowledge of fraudulent schemes, can receive up to 30% of any recovered funds as a reward. This incentivizes individuals to come forward with

information, helping the state uncover and address fraud that might otherwise go undetected.

Benefits and Implications

The expansion is expected to enhance Connecticut's ability to recover taxpayer dollars lost to fraud. Similar expansions in other states have led to substantial financial recoveries. For instance, non-healthcare fraud cases under the FCA in other jurisdictions have involved areas such as construction contracts, environmental programs, and education funding.

Moreover, by adopting a broader FCA, Connecticut aligns more closely with the federal FCA, which covers a wide range of fraud against federal programs, not limited to healthcare. This alignment may lead to increased collaboration between state and federal authorities in pursuing joint investigations and prosecutions.

The expansion also sends a clear message to contractors and other entities doing business with the state: fraudulent activity in any government-related sector will not be tolerated. It encourages greater compliance and transparency, which ultimately benefits taxpayers by ensuring that public funds are used appropriately and effectively.

No enforcement of tax fraud

Like the federal FCA and the majority of state-level FCAs – and *unlike* New York's FCA – the expanded Connecticut FCA excludes tax-related fraud claims, leaving those issues to be handled by the tax authorities. ([Conn. Gen. Stat. § 4-275\(e\)](#).) That is, tax fraud is clearly *excluded* from the newly-revised law.

Conclusion

Connecticut's expansion of its FCA in 2023 marks a significant step toward protecting public funds across all areas of government spending. By extending the reach of the law beyond healthcare claims, the state can more effectively combat fraud and hold wrongdoers accountable. As this broader FCA takes effect, it is likely to lead to increased enforcement actions and greater financial recoveries, ultimately benefiting Connecticut taxpayers.