2013 -- H 5734

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S T A T E   O F   R H O D E   I S L A N D

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N   A C T

RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE FRAUD

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 40 of the General Laws entitled "HUMAN SERVICES" is hereby

2 amended by adding thereto the following chapter:

3 CHAPTER 8.2.1

4 ADOPTION OF PRE-PAYMENT PREVENTION SOLUTIONS

5 **40-8.2.1-1. Policy. --** The federal government has estimated that state Medicaid programs

6 pay around eighteen billion dollars ($18,000,000,000) annually that is attributed to fraud, waste

7 and abuse. In order to reduce this fraud, waste and abuse, and save the associated state tax dollars

8 that are lost to this fraud, waste and abuse, it is the intent of the legislature to implement modern

9 pre-payment prevention and recovery solutions.

10 **40-8.2.1-2. Definitions. --** When used in this chapter and unless the specific context

11 indicates otherwise:

12 (1) "Medicaid" means the program to provide grants to states for medical assistance

13 programs established under title XIX of the social security act (42 U.S.C. 1396 et seq.).

14 (2) "CHIP" means the children's health insurance program established under title XXI of

15 the social security act (42 U.S.C. 1397aa et seq.).

16 **40-8.2.1-3. Implementation. --** (a) The state shall implement provider data verification

17 and provider screening technology solutions into the claims processing workflow to check current

18 healthcare billing and provider rendering data against a continually maintained provider

19 information database for the purposes of automating reviews and identifying and preventing

1   inappropriate payments to deceased providers, sanctioned providers, license expiration/retired

2   providers and confirmed wrong addresses. In addition, the state shall implement state-of-the-art

3   predictive modeling and analytics technologies in a pre-payment position within the healthcare

4   claim workflow to provide a more comprehensive and accurate view across all providers,

5   beneficiaries and geographies within the Medicaid and CHIP programs in order to:

6   (1) Identify and analyze those billing or utilization those billing or utilization patterns that

7   represent a high risk of fraudulent activity;

8   (2) Be integrated into the existing Medicaid and CHIP claims workflow;

9   (3) Undertake and automate such analysis before payment is made to minimize

10   disruptions to the workflow and speed claim resolution;

11   (4) Prioritize such identified transactions for additional review before payment is made

12   based on likelihood of potential waste, fraud or abuse;

13   (5) Capture outcome information from adjudicated claims to allow for refinement and

14   enhancement of the predictive analytics technologies based on historical data and algorithms

15   within the system; and

16   (6) Prevent the payment of claims for reimbursement that have been identified as

17   potentially wasteful, fraudulent or abusive until the claims have been automatically verified as

18   valid.

19   **40-8.2.1-4. Contracting for services --** It is the intent of the general assembly that the

20   state shall contract for these services and that the savings achieved through this chapter shall

21   more than cover the cost of implementation and administration. Therefore, to the extent possible,

22   technology services used in carrying out this chapter shall be secured using the savings generated

23   by the program, whereby the state's only direct cost will be funded through the actual savings

24   achieved. Further, to enable this model, reimbursement to the contractor may be contracted on the

25   basis of a percentage of achieved savings model, a per beneficiary per month model, a per

26   transaction model, a case-rate model, or any blended model of the aforementioned

27   methodologies. Reimbursement models with the contractor may also include performance

28   guarantees of the contractor to ensure savings identified exceeds program costs.

29   SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

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RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE FRAUD

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1   This act would use technology to identify fraudulent activity in the Medicaid and CHIP

2   programs before payment is made.

3   This act would take effect upon passage.