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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

A N A C T

RELATING TO HEATH AND SAFETY -- CORRECTIONAL HEALTHCARE ACT

Introduced By: Senator William A. Walaska

Date Introduced: January 24, 2013

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

SECTION 1. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby amended by adding thereto the following chapter:

CHAPTER 88

CORRECTIONAL HEALTHCARE ACT

23-88-1. Short title. – This chapter shall be known and may be cited as the “Correctional Healthcare Act.”

23-88-2. Legislative intent. -- It is the intent of the general assembly to:

(1) Reduce the state’s correctional healthcare costs by requiring hospitals and other medical service providers to bill Medicaid for eligible inmate inpatient hospital and professional services;

(2) Implement improper payment detection, prevention and recovery solutions to reduce correctional healthcare costs by introducing prospective solutions to eliminate overpayments and retrospective solutions to recover those overpayments that have already occurred;

(3) Cap all contract and non-contract correctional healthcare reimbursement rates at no more than one hundred ten percent (110%) of Medicare; and

(4) Embrace technologies to better manage correctional healthcare expenses.

23-88-3. Definitions. -- The following definition shall apply throughout this chapter unless the context clearly requires otherwise:

(1) “Medicare” means the social insurance program administered by the United States

government, established under Title XVIII of the Social Security Act of 1965.

23-88-4. Application. -- Unless otherwise stated, this chapter shall specifically apply to:

(1) State correctional healthcare systems and services provided under the general laws; and

(2) State contracted managed correctional healthcare services provided under the general laws.

23-88-5. Cap of payments. -- The state shall cap all contract and non-contract payments to correctional healthcare providers at no more than one hundred ten percent (110%) of the federal Medicare reimbursement rate.

23-88-6. Electronic format. -- To the maximum extent practicable, all non-contract correctional healthcare claims shall be submitted to the state in an electronic format.

23-88-7. Billing for eligible services. -- Hospitals and other medical service providers shall bill Medicaid for all eligible inmate inpatient hospital and professional services.

23-88-8. Technology solutions. -- The state shall implement state-of-the-art clinical code editing technology solutions to further automate claims resolution and enhance cost containment through improved claim accuracy and appropriate code correction. The technology shall identify and prevent errors or potential overbilling based on widely accepted and referenceable protocols such as the American Medical Association and the Centers for Medicare and Medicaid Services. The edits shall be applied automatically before claims are adjudicated to speed processing and reduce the number of pending or rejected claims and help ensure a smoother, more consistent and more open adjudication process and fewer delays in provider reimbursement.

23-88-9. Predictive modeling technology. -- The state shall implement state-of-the-art predictive modeling and analytics technologies to provide a more comprehensive and accurate view across all providers, beneficiaries and geographies within correctional healthcare programs in order to:

(1) Assure that hospitals and medical service providers bill Medicaid for all eligible inmate inpatient hospital and professional services;

(2) Identify and analyze those billing or utilization patterns that represent a high risk of inappropriate, inaccurate or erroneous activity;

(3) Undertake and automate such analysis before payment is made to minimize disruptions to the workflow and speed claim resolution;

(4) Prioritize such identified transactions for additional review before payment is made based on the likelihood of potentially inappropriate, inaccurate or erroneous activity;

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

enhancement of the predictive analytics technologies based on historical data and algorithms within the system;

(6) Prevent the payment of claims for reimbursement that have been identified as potentially inappropriate, inaccurate or erroneous until the claims have been automatically verified as valid; and

(7) Audit and recover improper payments made to providers based upon inappropriate, inaccurate or erroneous billing or payment activity.

23-88-10. Audit and recover services. -- The state shall implement correctional healthcare claims audit and recovery services to identify improper payments due to non-fraudulent issues, audit claims, obtain provider sign-off on the audit results and recover validated overpayments. Post payment reviews shall ensure that the diagnoses and procedure codes are accurate and valid based on the supporting physician documentation within the medical records. Core categories of reviews may include, without limitation: coding compliance diagnosis related group (DRG) reviews, transfers, readmissions, cost outlier reviews, outpatient seventy-two (72) hour rule reviews, payment errors, and billing errors and others.

23-88-11. Contractor selection. -- To implement the inappropriate, inaccurate or erroneous detection, prevention and recovery solutions in this chapter, the state shall either sign an intergovernmental agreement with another state already receiving these services, contract with the cooperative purchasing network (TCPN) to issue a request for proposals (RFP) to select a contractor or use the following contractor selection process:

(1) Not later than sixty (60) days after the effective date of this chapter the state shall issue a request for information (RFI) to seek input from potential contractors on capabilities and cost structures associated with the scope of work of this chapter. The results of the RFI shall be used by the state to create a formal (RFP) to be issued within ninety (90) days of the closing date of the RFI.

(2) Not later than ninety (90) days after the close of the RFI, the state shall issue a formal RFP to carry out this chapter during the first year of implementation. To the extent appropriate, the state may include subsequent implementation years and may issue additional RFPs with respect to subsequent implementation years.

(3) The state shall select contractors to carry out this chapter using competitive procedures as provided for in the state procurement laws.

(4) The state shall enter into a contract under this chapter with an entity only if the entity:

(i) Can demonstrate appropriate technical, analytical and clinical knowledge and experience to carry out the functions included in this chapter; or

(ii) Has a contract, or will enter into a contract, with another entity that meets the above criteria.

(5) The state shall only enter into a contract under this chapter with an entity to the extent the entity complies with conflict of interest standards in the state procurement laws.

23-88-12. Access to data. -- The state shall provide entities with a contract under this chapter with appropriate access to claims and other data necessary for the entity to carry out the functions included in this chapter, including, but not limited to: providing current and historical correctional healthcare claims and provider database information; and taking necessary regulatory action to facilitate appropriate public-private data sharing, including across multiple correctional managed care entities.

23-88-13. Reporting. -- The following reports shall be completed by the department of health:

(1) Not later than three (3) months after the completion of the first implementation year under this chapter, the department of health shall submit, on an annual basis, to the house and senate finance committees, and make available to the public a report that includes the following:

(i) A description of the implementation and use of technologies included in this chapter during the year;

(ii) A certification by the department of health that specifies the actual and projected savings to state correctional healthcare programs as a result of the use of these technologies, including estimates of the amounts of such savings with respect to both improper payments recovered and improper payments avoided;

(iii) The actual and projected savings in correctional healthcare services as a result of such use of technologies relative to the return on investment for the use of such technologies and in comparison to other strategies or technologies used to prevent and detect inappropriate, inaccurate or erroneous activity;

(iv) Any modifications or refinements that should be made to increase the amount of actual or projected savings or mitigate any adverse impact on correctional healthcare beneficiaries or providers;

(v) An analysis of the extent to which the use of these technologies successfully prevented and detected inappropriate, inaccurate or erroneous activity in correctional healthcare programs;

(vi) A review of whether the technologies affected access to, or the quality of, items and services furnished to correctional healthcare beneficiaries; and

(vii) A review of what effect, if any, the use of these technologies had on correctional

healthcare providers, including assessment of provider education efforts and documentation of processes for providers to review and correct problems that are identified.

(2) Not later than three (3) months after the completion of the second (2nd) implementation year under this chapter, the department of health shall submit, on an annual basis, to the house and senate finance committees, and make available to the public a report that includes, with respect to such year, the items required under subdivision (1) as well as any other additional items deemed appropriate with respect to the report for such year.

(3) Not later than three (3) months after the completion of the third (3rd) implementation year under this chapter, the department of health shall submit, on an annual basis, to the house and senate finance committees, and make available to the public a report that includes with respect to such year, the items required under subdivision (1), as well as any other additional items deemed appropriate with respect to the report for such year.

23-88-14. Shared savings. -- It is the intent of the general assembly that the savings achieved through this chapter shall more than cover the costs of implementation. Therefore, to the extent possible, technology services used in carrying out this chapter shall be secured using a shared savings model, whereby the state's only direct cost will be a percentage of actual savings achieved. Further, to enable this model, a percentage of achieved savings may be used to fund expenditures under this chapter.

23-88-15. Severability. -- If any section, paragraph, sentence, clause, phrase, or any part of the chapter passed is declared invalid, the remaining sections, paragraphs, sentences, clauses, phrases, or parts thereof shall be in no manner affected and shall remain in full force and effect.

SECTION 2. This act shall take effect upon passage.

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EXPLANATION

BY THE LEGISLATIVE COUNCIL

OF

A N A C T

RELATING TO HEATH AND SAFETY -- CORRECTIONAL HEALTHCARE ACT

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This act would establish the correctional healthcare act in order to reduce the costs of correctional healthcare.

This act would take effect upon passage.

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