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LC003238  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- CORRECTIONAL  
INSTITUTIONS

Introduced By: Senators Walaska, and Lombardo

Date Introduced: January 09, 2014

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
2 GOVERNMENT" is hereby amended by adding thereto the following chapter:

3 CHAPTER 56.4

4 CORRECTIONAL HEALTHCARE COST REDUCTION

5 **42-56.4-1. Legislative findings. --** The legislature finds and declares that states have  
6 saved millions of dollars by implementing solutions to eliminate and recover correctional  
7 healthcare overpayments. Similarly, states have significantly reduced correctional healthcare  
8 costs by billing Medicaid for eligible inpatient healthcare costs. Therefore, it is the intent of the  
9 legislature to implement automated payment detection, prevention and recovery solutions to  
10 reduce correctional healthcare overpayments and to assure that Medicaid is billed for eligible  
11 inpatient hospital and professional services.

12 **42-56.4-2. Application. --** Unless otherwise stated, the chapter shall specifically apply to:

13 (1) State correctional healthcare systems and services.

14 (2) State contracted managed correctional healthcare services.

15 **42-56.4-3. Clinical code editing technology. --** The state shall implement state-of-the-art  
16 clinical code editing technology solutions to further automate claims resolution and enhance cost  
17 containment through improved claim accuracy and appropriate code correction. The technology  
18 shall identify and prevent errors or potential overbilling based on widely accepted and

1 referenceable protocols such as the American Medical Association and the Centers for Medicare  
2 and Medicaid Services. The edits shall be applied automatically before claims are adjudicated to  
3 speed processing and reduce the number of pended or rejected claims and help ensure a smoother,  
4 more consistent and more open adjudication process and fewer delays in provider reimbursement.

5 **42-56.4-4. Healthcare claims auditing. --** The state shall implement correctional  
6 healthcare claims audit and recovery services to identify improper payments due to non-  
7 fraudulent issues, audit claims, obtain provider sign-off on the audit results and recover validated  
8 overpayments. Post payment reviews shall ensure that the diagnosis and procedure codes are  
9 accurate and valid based on the supporting physician documentation within the medical records.  
10 Core categories of reviews could include coding compliance diagnosis related group (DRG)  
11 reviews, transfers readmissions, cost outlier reviews, outpatient seventy-two (72) hour rule  
12 reviews, payment errors, billing errors, and others.

13 **42-56.4-5. Automated payment detection -- Prevention and recovery services. --** The  
14 state shall implement automated payment detection, prevention and recovery solutions to assure  
15 that Medicaid is billed for eligible inpatient hospital and professional services.

16 **42-56.4-6. Implementation. --** It is the intent of the legislature that the state shall  
17 contract for these services and that the savings achieved through this chapter shall more than  
18 cover the cost of implementation and administration. Therefore, to the extent possible, technology  
19 services used in carrying out this chapter shall be secured using the savings generated by the  
20 program, whereby the state's only direct cost will be funded through the actual savings achieved.  
21 Further, to enable this model, reimbursement to the contractor may be contracted on the basis of a  
22 percentage of achieved savings model, a per beneficiary per month model, a per transaction  
23 model, a case-rate model, or any blended model of the aforementioned methodologies.  
24 Reimbursement models with the contractor may also include performance guarantees of the  
25 contractor to ensure savings identified exceeds program costs.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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- 1           This act would reduce inmate healthcare costs by billing Medicaid for eligible inpatient
- 2 hospitals and professional services.
- 3           This act would take effect upon passage.

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