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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- MEDICAID FRAUD AND  
WASTE PREVENTION

Introduced By: Representatives Trillo, and Lombardi

Date Introduced: February 12, 2013

Referred To: House 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 14.7

4 MEDICAID, RITE CARE AND RITE SHARE FRAUD AND WASTE REDUCTION

5 **42-14.7-1. Short title.** – This act shall be known as and may be cited as the "Medicaid  
6 and Rite Care and Rite Share Fraud and Waste Reduction Act."

7 **42-14.7-2. Legislative intent.** – It is the intent of the general assembly to implement  
8 modern pre-payment prevention and recovery solutions to combat waste attributed to fraud, waste  
9 and abuse within Medicaid and the Rite Care and Rite Share programs.

10 **42-14.7-3. Definitions.** – The definitions in this section shall apply throughout this  
11 chapter unless the context requires 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 USC 1396 et seq.).

14 (2) "Rite Care" and "Rite Share" means the children's health insurance program  
15 established under title XXI of the Social Security Act (42 USC 1397aa et seq.).

16 **42-14.7-4. Application.** – This chapter shall specifically apply to:

17 (1) State Medicaid managed care programs operated under this chapter or chapter 5.1 or  
18 chapter 12.3 of title 42 of the Rhode Island general laws.

1           (2) The RItE Care and RItE Share state programs operated under Rhode Island general  
2 laws, chapter 40-8.4.

3           **42-14.7-5. Data verification.** – The state shall implement provider data verification and  
4 provider screening technology solutions into the claims processing workflow to check healthcare  
5 billing and provider rendering data against a continually maintained provider information  
6 database for the purposes of automating reviews and identifying and preventing inappropriate  
7 payments to:

8           (1) Deceased providers;

9           (2) Sanctioned providers;

10          (3) License expiration/retired providers; and

11          (4) Confirmed wrong addresses.

12          **42-14.7-6. Predictive modeling.** – The state shall implement state-of-the-art predictive  
13 modeling and analytics technologies in a pre-payment position within the healthcare claim  
14 workflow to provide a more comprehensive and accurate view across all providers, beneficiaries  
15 and geographies within the Medicaid, RItE Care and RItE Share programs in order to:

16          (1) Identify and analyze those billing or utilization patterns that represent a high risk of  
17 fraudulent activity;

18          (2) Be integrated into the existing Medicaid and RItE Care and RItE Share claims  
19 workflow;

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

22          (4) Prioritize such identified transactions for additional review before payment is made  
23 based on likelihood of potential waste, fraud or abuse;

24          (5) Capture outcome information from adjudicated claims to allow for refinement and  
25 enhancement of the predictive analytics technologies based on historical data and algorithms  
26 within the system; and

27          (6) Prevent the payment of claims for reimbursement that have been identified as  
28 potentially wasteful, fraudulent or abusive until the claims have been automatically verified as  
29 valid.

30          **42-14.7-7. Cost of implementation to be offset by savings.** – (a) The state may contract  
31 for services in order to comply with the provisions of this chapter; provided, however, that the  
32 cost of implementation of the provisions of this chapter shall be offset by savings generated by  
33 the reduction of fraud and waste within the state Medicaid, RItE Care and RItE Share programs.

34          (b) The state may execute contracts which are based on the following payment models:

- 1           (1) Percentage of achieved savings model;  
2           (2) A per beneficiary per month model;  
3           (3) A per transaction model;  
4           (4) A case-rate model; or  
5           (5) Any blended model of the aforementioned methodologies, which may also include  
6 performance guarantees by the contractor to ensure savings identified exceeds program costs.

7           **42-14.7-8. Severability.** – If any provision of this chapter or the application thereof to  
8 any person or circumstances is held invalid, such invalidity shall not affect other provisions or  
9 applications of the chapter, which can be given effect without the invalid provisions or  
10 applications, and to this end the provisions of this chapter are declared to be severable.

11           SECTION 3. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

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WASTE PREVENTION

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- 1           This act would implement fraud and waste detection and reduction solutions within the
- 2 state Medicaid, RItE Care and RItE Share programs.
- 3           This act would take effect upon passage.

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