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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 STATE AFFAIRS AND GOVERNMENT -- MEDICAID FRAUD AND WASTE PREVENTION

Introduced By: Representatives Morgan, Giarrusso, Costa, Trillo, and Chippendale

Date Introduced: February 07, 2013

Referred To: House Finance

It is enacted by the General Assembly as follows:

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

CHAPTER 14.7

MEDICAID, RITE CARE AND RITE SHARE FRAUD AND WASTE REDUCTION

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

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

42-14.7-3. Definitions. – The definitions in this section shall apply throughout this chapter unless the context requires otherwise:

(1) "Medicaid" means the program to provide grants to states for medical assistance programs established under title XIX of the Social Security Act (42 USC 1396 et seq.).

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

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

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

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

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

(1) Deceased providers;

(2) Sanctioned providers;

(3) License expiration/retired providers; and

(4) Confirmed wrong addresses.

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

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

(2) Be integrated into the existing Medicaid and RIte Care and RIte Share claims workflow;

(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 likelihood of potential waste, fraud or abuse;

(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; and

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

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

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

(1) Percentage of achieved savings model;

(2) A per beneficiary per month model;

(3) A per transaction model;

(4) A case-rate model; or

(5) Any blended model of the aforementioned methodologies, which may also include performance guarantees by the contractor to ensure savings identified exceeds program costs.

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

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 STATE AFFAIRS AND GOVERNMENT -- MEDICAID FRAUD AND WASTE PREVENTION

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This act would implement fraud and waste detection and reduction solutions within the state Medicaid, RIte Care and RIte Share programs.

This act would take effect upon passage.

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