AN ACT REQUIRING PREPAYMENT AND POSTPAYMENT REVIEWS AND ANALYSES OF PROVIDER INFORMATION AND CLAIMS INVOLVING THE MEDICAID PROGRAM AND HEALTHY MONTANA KIDS PLAN IN ORDER TO PREVENT AND REDUCE FRAUD, WASTE, AND ABUSE; REQUIRING THE USE OF PREDICTIVE MODELING AND ANALYTICS TO IDENTIFY POTENTIAL FRAUD AND ABUSE; REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO CONTRACT FOR SERVICES; AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Legislative findings and purpose. (1) The legislature finds that the occurrence of fraud, waste, and abuse in the medicaid program and the healthy Montana kids plan increases the costs of the programs to both the state and federal governments. The legislature further finds that technologies exist to assist the state in:

(a) detecting fraud, waste, and abuse;

(b) preventing payment of fraudulent claims; and

(c) recovering funds lost to fraud, waste, or abuse.

(2) It is the purpose of the legislature to:

(a) use available technologies to review both submitted and adjudicated medicaid and healthy Montana kids plan claims to reduce payments for fraudulent claims; and

(b) contract with an entity that has expertise in carrying out prepayment, prevention, and recovery solutions using a payment method in which the contracted services are paid for through the savings generated by use of the solutions.

Section 2. Definitions. As used in [sections 1 through 6], unless the context clearly requires otherwise, the following definitions apply:

(1) "Abuse" means conduct by an enrollee, provider, or other person involving disregard of and an

unreasonable failure to conform with the statutes, regulations, and rules governing the medicaid program or healthy Montana kids plan when the disregard or failure results or may result in an incorrect determination that a person is eligible for the medicaid program or healthy Montana kids plan or that a provider is entitled to a payment.

(2) "Claim" means a communication, whether in oral, written, electronic, magnetic, or other form, that is used to claim specific services or items as payable or reimbursable under the medicaid program or the healthy Montana kids plan or that states income, expense, or other information that is or may be used to determine entitlement to or the rate of payment under the medicaid program or the healthy Montana kids plan. The term includes any documents submitted as part of or in support of the claim.

(3) "Department" means the department of public health and human services provided for in 2-15-2201.

(4) "Enrollee" means an individual eligible to receive benefits and enrolled in the medicaid program or the healthy Montana kids plan.

(5) "Fraud" means any conduct or activity prohibited by statute, regulation, or rule involving purposeful or knowing conduct or omission to perform a duty that results in or may result in medicaid or healthy Montana kids plan payments or benefits to which the enrollee or provider is not entitled. Fraud includes but is not limited to any conduct or omission under the medicaid program or the healthy Montana kids plan that would constitute a criminal offense under Title 45, chapter 6 or 7.

(6) "Healthy Montana kids plan" means the insurance program established under Title 53, chapter 4, part 11.

(7) "Medicaid" means the Montana medical assistance program established under Title 53, chapter 6.

(8) "Provider" means an individual, company, partnership, corporation, institution, facility, or other entity or business association that has enrolled or applied to enroll as a provider of services or items under the medicaid program or the healthy Montana kids plan.

Section 3. Provider screening and data verification -- database. (1) The department shall implement a program to review and verify information and claims submitted by providers against a database of provider information in order to automate reviews and identify and prevent inappropriate payments to a:

(a) deceased provider;

(b) provider who has been sanctioned by a professional licensing board, the medicaid program, or the

healthy Montana kids plan;

(c) provider whose professional license has expired;

(d) retired provider; or

(e) provider whose address has been confirmed as being incorrect.

(2) The department shall establish procedures to allow for continual updating of the database provided for in this section in order to provide accurate information for reviewing and verifying provider and claims data.

Section 4. Use of predictive modeling and analytics. (1) The department shall implement predictive modeling and analytics technologies for the medicaid program and the healthy Montana kids plan in order to:

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

(b) prioritize for additional review, before payment is made, the transactions identified as representing a high risk of fraudulent activity;

(c) obtain information from adjudicated claims to refine and improve the predictive analytics technologies based on historical data and on algorithms used in the predictive modeling system and in the department's system for payment of claims; and

(d) prevent the payment of claims that have been identified as potentially fraudulent, wasteful, or abusive until the claims have been verified as valid.

(2) The predictive modeling and analytics technology must be integrated into the existing systems for processing and paying claims submitted to the medicaid program and the healthy Montana kids plan.

Section 5. Contract for services -- payment options -- verification. (1) The department shall contract for the review required under [sections 1 through 6].

(2) To ensure to the extent possible that the cost of providing the services is paid for by the savings generated by prepayment and postpayment review, a contract issued pursuant to this section may allow for payment to the vendor based on models that include but are not limited to:

(a) a percentage of the savings achieved through use of the contracted services, not to exceed 30% of state funds saved;

(b) a per-enrollee, per-month model;

(c) a per-transaction model; or

(d) a case-rate model.

(3) If payment is to be a percentage of the savings achieved through the use of the contracted services, the department shall establish in the request for proposal and the contract the method that the department will use for verifying the savings achieved through the reviews conducted pursuant to [sections 1 through 6].

(4) A contract issued pursuant to this section may include performance guarantees of the vendor in order to ensure that the savings identified by the contracted services exceed the costs of providing the services.

Section 6. Recovered funds. (1) Any state funds that are recovered as a result of a review conducted under [sections 1 through 6] must be deposited in an account to the credit of the department.

(2) Any federal funds recovered as a result of a review conducted under [sections 1 through 6] must be returned to the federal special revenue account from which it originated.

Section 7. Codification instruction. [Sections 1 through 6] are intended to be codified as an integral part of Title 53, chapter 2, and the provisions of Title 53, chapter 2, apply to [sections 1 through 6].

Section 8. Effective date. [This act] is effective July 1, 2013.

- END -

I hereby certify that the within bill,

HB 0171, originated in the House.

Chief Clerk of the House

Speaker of the House

Signed this _____ day

of _____, 2013.

President of the Senate

Signed this _____ day

of _____, 2013.

HOUSE BILL NO. 171

INTRODUCED BY C. SMITH, BANGERTER, DEBBY BARRETT, G. BENNETT, BLASDEL, BRENDEN, T. BROWN, CLARK, DOANE, EDMUNDS, EHLI, FISCUS, FLYNN, GALT, HALVORSON, HANSEN, HILL, HOWARD, INGRAHAM, JACKSON, D. JONES, KARY, KERNS, KNUDSEN, LENZ, LEWIS, MILLER, O'HARA, PRIEST, REDFIELD, REGIER, SALES, SALOMON, SCHWADERER, TAYLOR, VANCE, VINCENT, WALKER, WARBURTON, WEBB, ZOLNIKOV, D. BROWN, K. WAGONER, R. OSMUNDSON, A. WITTICH

AN ACT REQUIRING PREPAYMENT AND POSTPAYMENT REVIEWS AND ANALYSES OF PROVIDER INFORMATION AND CLAIMS INVOLVING THE MEDICAID PROGRAM AND HEALTHY MONTANA KIDS PLAN IN ORDER TO PREVENT AND REDUCE FRAUD, WASTE, AND ABUSE; REQUIRING THE USE OF PREDICTIVE MODELING AND ANALYTICS TO IDENTIFY POTENTIAL FRAUD AND ABUSE; REQUIRING THE DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES TO CONTRACT FOR SERVICES; AND PROVIDING AN EFFECTIVE DATE.