SENATE BILL 401
By Southerland

HOUSE BILL 561

By Goins

AN ACT to amend Tennessee Code Annotated, Title 4; Title 56 and Title 71, relative to the adoption of pre-payment prevention solutions for reducing healthcare fraud, waste and abuse.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 71, Chapter 5, is amended by adding the following as a new part:

71-5-701. The federal government has estimated that state medicaid programs pay around eighteen billion dollars ($18,000,000,000) annually that is attributed to fraud, waste and abuse. In order to reduce this fraud, waste, and abuse, and save the associated state tax dollars that are lost to this fraud, waste, and abuse, it is the intent of the legislature to implement modern pre-payment prevention and recovery solutions.

71-5-702. The definitions in this section apply throughout this part unless the context clearly requires otherwise:

(1) “CHIP” means the Children’s Health Insurance Program established under title XXI of the Social Security Act (42 U.S.C. 1397aa et seq.); and

(2) “Medicaid” means the program to provide grants to this state for medical assistance under this chapter established under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.) and appropriate federal waivers; including the TennCare program.

71-5-703. This chapter shall specifically apply to:

(1) The TennCare program; and

(2) The state CHIP.

71-5-704. The state shall implement provider data verification and provider screening technology solutions into the claims processing workflow to check current 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 deceased providers, sanctioned providers, license expiration/retired providers, and confirmed wrong addresses.

71-5-705. 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 TennCare and CHIP 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 TennCare and CHIP 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 identified as potentially wasteful, fraudulent, or abusive until the claims have been automatically verified as valid.

71-5-706. It is the intent of the general assembly that the state shall contract for these services and that the savings achieved through this part shall more than cover the cost of implementation and administration. Therefore, to the extent possible, technology services used in carrying out this part shall be secured using the savings generated by

the program, whereby the state's only direct cost will be funded through the actual savings achieved. Further, to enable this model, reimbursement to the contractor may be contracted on the basis of a percentage of achieved savings model, a per beneficiary per month model, a per transaction model, a case-rate model, or any blended model of the aforementioned methodologies. Reimbursement models with the contractor may also include performance guarantees of the contractor to ensure savings identified exceeds program costs.

SECTION 2. This act shall take effect July 1, 2013, the public welfare requiring it.