
OLR Bill Analysis

sHB 6514

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE CONCERNING MEDICAID PAYMENT INTEGRITY.

SUMMARY:

Starting June 30, 2014, this bill requires the Department of Social Services (DSS), in coordination with the chief state's attorney and attorney general, to annually submit a joint report to the General Assembly on the state's efforts in the previous fiscal year to (1) prevent and control Medicaid fraud, abuse, and errors and (2) recover Medicaid overpayments.

The bill also requires DSS to (1) assess the feasibility of expanding its Medicaid audit program, (2) analyze the recovery of Medicaid dollars through its third-party liability contractors to determine if recovery procedures maximize collection efforts, and (3) report its findings to the Human Services and Appropriations committees by January 1, 2014.

EFFECTIVE DATE: Upon passage

JOINT REPORT ON MEDICAID FRAUD PREVENTION AND OVERPAYMENT RECOVERY

The DSS, chief state's attorney, and attorney general's annual joint report must include a final reconciled and unduplicated accounting of identified, ordered, collected, and outstanding Medicaid recoveries from all sources. The report (1) cannot include any personally identifying information related to a Medicaid claim or payment and (2) does not have to include information that is protected from disclosure by state or federal law or by court rule.

The bill requires DSS, the chief state's attorney, and the attorney general to provide information and data, presumably in the report.

DSS Information Requirements

The bill requires DSS to provide Medicaid audit data, including the:

1. number of such completed audits by provider type,
2. amount of overpayments identified and recovered due to such audits,
3. amount of avoided costs identified by the audits, and
4. number of such audits that were referred to the chief state's attorney.

The bill requires DSS to provide Medicaid program integrity investigation data, including:

1. the number of complaints received by source type and reason;
2. the number of investigations opened and completed by source and provider type, including outcomes;
3. the amount of overpayments identified and collected due to investigations;
4. the number of investigations resulting in (a) a referral to the chief state's attorney, (b) suspension of Medicaid payments by provider type, and (c) provider exclusion from Medicaid by provider type;
5. for each closed investigation, the length of time between case opening and closing by time ranges, from between (a) less than one month to six months, (b) seven to 12 months, (c) 13 to 24 months, or (d) 25 or more months; and
6. for each investigation referred to another agency, the length of time between case opening and referral for those time ranges.

The bill also requires DSS to provide information on the amount of overpayments collected by recovery contractors by contractor type.

Chief State's Attorney and Attorney General Information Requirements

The bill requires the chief state's attorney and attorney general to each provide Medicaid information including:

1. the number of investigations opened by source type;
2. the general nature of the allegations by provider type;
3. for each closed case, the length of time between case opening and closing by time ranges, from between (a) less than one month to six months, (b) seven to 12 months, (c) 13 to 24 months, or (d) 25 or more months;
4. the final disposition category of closed cases by provider type;
5. the monetary recovery sought and realized by action, including (a) criminal charges (chief state's attorney) or civil monetary penalties (attorney general), (b) settlements, and (c) judgments; and
6. the number of referrals declined and the reasons why they were declined.

Report Requirements

The report must include third-party liability recovery information for the previous five-year period by fiscal year, including the:

1. total number of claims selected for billing by commercial health insurance and Medicare;
2. total amount billed for such claims;
3. number of claims where recovery occurred;
4. amount collected;
5. number of files updated with third-party insurance information; and

6. estimated future cost avoidance related to updated files.

The report must also include:

1. detailed and unit-specific performance standards, benchmarks, and metrics;
2. projected cost savings for the following fiscal year;
3. new initiatives taken to prevent and detect overpayments; and
4. policy recommendations necessary to prevent or recover overpayments and deter and detect fraud. Each policy recommendation must include a detailed fiscal analysis with estimated (a) implementation costs, (b) savings, and (c) return on investment.

The bill requires the DSS commissioner, chief state's attorney, and attorney general to submit the report to the Human Services and Appropriations committees. Each agency must also post the report on its website.

DSS MEDICAID AUDIT PROGRAM EXPANSION ASSESSMENT

The bill requires DSS to assess the feasibility of expanding its Medicaid audit program. The assessment must include a (1) return-on-investment cost-benefit calculation of such an expansion and (2) cost comparison between using DSS employees or a contingency-based contractor to increase the number of audits.

The bill requires DSS to produce a written analysis of the recovery of Medicaid dollars through its third-party liability contractors to determine if recovery procedures maximize collection efforts. If deficiencies are found in such procedures, the department must develop strategies to address any gaps. The analysis must include:

1. a review of the reasons for third-party liability denials to determine if Medicaid recovery amounts could be increased by program or system changes that would allow for more denied claims to be resubmitted to the responsible third party;

2. identification and evaluation of the outcomes of the department's third-party liability contractor's efforts to collect Medicare payments based on the number and dollar amount of Medicare claims appealed and the amount recovered for those claims;
3. if the department determines that the total amount potentially recoverable through the Medicare appeal process exceeds the department's contract costs, it must propose ways to expand the number of claims it allows such contractors to appeal; and
4. strategies to address any gap in collection efforts.

The bill also requires DSS, by January 1, 2014, to submit a report on its audit feasibility assessment and third-party liability analysis findings to the Human Services and Appropriations Committees.

COMMITTEE ACTION

Program Review and Investigations Committee

Joint Favorable Substitute Change of Reference
Yea 10 Nay 0 (03/14/2013)

Human Services Committee

Joint Favorable
Yea 18 Nay 0 (03/21/2013)