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# A BILL FOR AN ACT

RELATING TO MEDICAID.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that waste, fraud, and  
2 abuse cost state medicaid programs an estimated \$18,000,000,000  
3 per year nationwide. In most states, the common practice is to  
4 pay claims and thereafter attempt to recover payments for claims  
5 that are later found to be illegitimate. This pay-and-chase  
6 model is extremely inefficient because it is more difficult to  
7 recover payments than it is to deny illegitimate claims before  
8 payments are made. One way to combat this problem is to  
9 implement modern screening and prevention solutions to detect  
10 fraud and abuse before illegitimate claims are paid.

11           The legislature also finds that implementing measures to  
12 detect and prevent waste, fraud, and abuse in the State's  
13 medicaid and children's health insurance programs will improve  
14 the department of human services' ability to effectively  
15 administer the programs and reduce costs. The measures will  
16 also comply with program integrity provisions of the federal  
17 Patient Protection and Affordable Care Act and the Health Care



1 and Education Reconciliation Act of 2010, promulgated in the  
2 Centers for Medicare and Medicaid Services Final Rule 6028.

3 The purpose of this Act is to reduce waste, fraud, and  
4 abuse in the State's medicaid and children's health insurance  
5 programs, and to detect fraud and abuse before payments of  
6 illegitimate claims are made under the medicaid programs,  
7 including the medicaid managed care and children's health  
8 insurance programs.

9 SECTION 2. The department of human services shall develop  
10 strategies and plan and coordinate efforts to detect and prevent  
11 fraud and abuse before payments of illegitimate claims are made  
12 under the medicaid programs, including the medicaid managed care  
13 and children's health insurance programs.

14 SECTION 3. The department of human services shall submit a  
15 report of its findings and recommendations, including proposed  
16 legislation, if any, to the legislature no later than twenty  
17 days prior to the convening of the regular session of 2013. The  
18 report shall include the department of human services'  
19 strategies, efforts, and progress on detecting and preventing  
20 waste, fraud, and abuse in the State's medicaid and children's  
21 insurance programs.

22 SECTION 4. This Act shall take effect on July 1, 2012.



**Report Title:**

Medicaid; Children's Health Insurance Program; Fraud Prevention and Detection

**Description:**

Requires the Department of Human Services to develop strategies and plan and coordinate efforts to detect fraud and abuse before payments of illegitimate claims are made under the medicaid programs, including medicaid managed care and children's health insurance. Requires the Department of Human Services to report to the 2013 Legislature. Effective July 1, 2012. (SB2166 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

