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## A BILL FOR AN ACT

RELATING TO HUMAN SERVICES.

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

1           SECTION 1. The legislature finds that fraud, abuse, and  
2 waste cost state medicaid programs an estimated \$18,000,000,000  
3 per year on a national level. The Center for Program Integrity  
4 within the Centers for Medicare and Medicaid Services stated  
5 that the problems with improper billing payments arise from  
6 incorrect coding (errors), medically unnecessary services  
7 (waste), incorrect implementation of rules through improper  
8 billing practices (abuse), and intentional deception by billing  
9 for services that were never provided (fraud).

10           The United States Government Accountability Office  
11 submitted written testimony, "Medicare and Medicaid Fraud,  
12 Waste, and Abuse", dated March 9, 2011, which indicated that  
13 improper payments, including over- and under-payments, put  
14 social services programs at risk. The office declared both  
15 medicare and medicaid as high-risk programs that can be  
16 compromised by fraud, waste, and abuse, and identified five key  
17 strategies to help reduce fraud, waste, abuse, and improper  
18 payments in medicare and medicaid.



1 Hawaii's medicaid program experienced an average monthly  
2 enrollment of approximately 290,496 members at the close of  
3 fiscal year 2012. In 2012, the Med-QUEST division experienced  
4 an enrollment increase of five per cent, reflecting a total  
5 increase of more than thirty-five per cent since 2008. The Med-  
6 QUEST division shifted from a fee-for-service delivery system to  
7 a managed care system of health care delivery with approximately  
8 one per cent of medicaid clients remaining in the limited fee-  
9 for-service program.

10 The legislature finds that Hawaii has contracted with  
11 managed care health plans for the State's medicaid populations,  
12 which include both QUEST health plans and QUEST Expanded Access  
13 health plans, with the department of human services retaining  
14 federally-mandated accountability and oversight of these managed  
15 care plans, as mandated by the Balanced Budget Act of 1997,  
16 Section 438: Managed Care: Subpart H-Certifications and  
17 Program Integrity; Section 438.66: Monitoring Procedures.

18 The legislature recognizes that the problems of fraud,  
19 abuse, and waste within medicaid programs have led to higher  
20 costs for each state during the critical time of actuarial rate  
21 analysis and the setting of managed care health plan contracts.



1           The federal Patient Protection and Affordable Care Act of  
2 2010 required each state to submit state plan amendments by  
3 December 31, 2010, to detail how it will establish its recovery  
4 audit contractor programs to increase post-payment reviews to  
5 identify payment errors and recoup overpayments. Recovery audit  
6 contractor programs review medicaid provider claims to identify  
7 and recover overpayments and identify underpayments made for  
8 services provided under medicaid state plans and medicaid  
9 waivers.

10           The purpose of this Act is to require the department of  
11 human services to report on the State's program integrity  
12 compliance with the federal Patient Protection and Affordable  
13 Care Act of 2010 as it relates to medicaid program integrity  
14 within managed care health plans, the fee-for-service program,  
15 and the children's health insurance program.

16           SECTION 2. The department of human services shall submit  
17 interim reports to the legislature no later than twenty days  
18 prior to the convening of the regular sessions of 2014, 2015,  
19 and 2016, on the State's program integrity compliance with the  
20 federal Patient Protection and Affordable Care Act of 2010 with  
21 respect to medicaid program integrity within the managed care  
22 health plans, fee-for-service program, and the children's health



1 insurance program, including timelines and plans for compliance  
2 with the federal Patient Protection and Affordable Care Act of  
3 2010, for fiscal years 2012-2013, 2013-2014, and 2014-2015.

4 Each report to the legislature shall include the following  
5 information for fiscal years 2012-2013, 2013-2014, and 2014-  
6 2015:

7 (1) The department of human services' compliance status  
8 with the following federal Patient Protection and  
9 Affordable Care Act of 2010 sections as they relate  
10 to:

11 (A) Medicaid program integrity within managed care  
12 health plans, the fee-for-service program, and  
13 the children's health insurance program  
14 provisions:

15 (i) Provider screening with initial enrollment  
16 and routine reviews;

17 (ii) Searches within the Social Security  
18 Administration's Death Master File;

19 (iii) Increased documentation on referrals to  
20 programs at high-risk of waste and abuse;

21 (iv) Enhanced penalties;



1 (v) Implementation of recovery audit contractor  
2 programs; and

3 (vi) Implementation of processes for increased  
4 pre-payment reviews of claims versus post-  
5 payment reviews;

6 (B) Additional medicaid program integrity provisions,  
7 including:

8 (i) Termination of providers from medicaid (if  
9 terminated under medicare or other medicaid  
10 state plan or the children's health  
11 insurance program;

12 (ii) Termination of excluded providers identified  
13 via established federal databanks, i.e., the  
14 Office of Inspector General List of Excluded  
15 Individuals/Entities;

16 (iii) Processes to maintain a central repository  
17 of program integrity targets with processes  
18 to track providers who are under  
19 investigation with possible withholding of  
20 payments under specified circumstances;

21 (iv) Overpayments, including prevention and  
22 recoupment;



- 1                   (v) Mandatory use of the National Correct Coding
- 2                   Initiative;
- 3                   (vi) Registration of billing agents; and
- 4                   (vii) Implementation of expanded data elements
- 5                   under Hawaii's medicaid management
- 6                   information system to detect fraud and abuse
- 7                   with corrective action plans, and additional
- 8                   edits and audits, including predictive
- 9                   modeling and analytic technologies, as
- 10                  appropriate; and
- 11                  (C) Additional program integrity provisions: The
- 12                  means to prohibit false statements and
- 13                  representations;
- 14                  (2) The department of human services Med-QUEST division's
- 15                  plans and processes to assure adequate federally-
- 16                  mandated oversight of the contracted managed care
- 17                  health plan's integrity programs and verification of
- 18                  the beneficiary receipt of services claimed by managed
- 19                  care health plans via explanation of benefits' forms
- 20                  or other approved methods; and
- 21                  (3) An analysis of:



- 1 (A) Actual cost-savings and projected cost savings
- 2 per program for each fiscal year;
- 3 (B) Actual recouped dollar amounts and fines
- 4 collected by the department of human services'
- 5 internal program integrity section;
- 6 (C) The number of referrals to the department of the
- 7 attorney general's medicaid fraud control unit;
- 8 and
- 9 (D) The number of reported investigations and
- 10 recoupments from both the QUEST and the QUEST
- 11 Expanded Access health plans, fee-for-service, or
- 12 the Children's Health Insurance Program for each
- 13 cited fiscal year.

14 SECTION 3. The department of human services shall submit a  
 15 report on the final status on implementing and complying with  
 16 the federal Patient Protection and Affordable Care Act of 2010  
 17 with respect to program integrity, no later than twenty days  
 18 before the convening of the regular session of 2017.

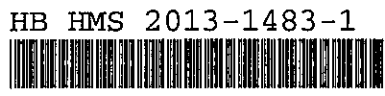
19 SECTION 4. This Act shall take effect upon its approval.

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Melo Cannon

INTRODUCED BY: \_\_\_\_\_

*Handwritten signatures and initials:*  
 - Large signature: GIL  
 - Signature: Nick E. ...  
 - Signature: ...  
 - Signature: ...  
 - Signature: ...



# H.B. NO. 1207

**Report Title:**

Department of Human Services Compliance; Affordable Care Act

**Description:**

Requires the Department of Human Services to submit interim reports to the Legislature prior to the Regular Sessions of 2014, 2015, and 2016, and a final report to the Legislature prior to the Regular Session of 2017 on its compliance with the federal Patient Protection and Affordable Care Act of 2010 as it relates to Medicare and Medicaid.

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

