
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 across the United
2 States, state medicaid programs pay approximately
3 \$18,000,000,000 each year that is attributable to fraud, waste,
4 and abuse. The legislature further finds that, in order to
5 reduce the amount of money lost in Hawaii to fraud, waste, and
6 abuse, the agency that administers Hawaii's medicaid adult and
7 children's health insurance programs should implement modern
8 pre-payment and recovery technologies. The legislature believes
9 that the savings achieved by effective claims management will
10 cover the cost of implementing and administering these new
11 technologies.

12 The purpose of this Act is to require the department of
13 human services to adopt technologies that reduce amounts lost to
14 fraudulent, wasteful, and abusive reimbursement claims.

15 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:



1 "§346- Fraudulent claims; prevention. (a) The
2 department shall implement a provider data verification and
3 provider screening technology to automate reviews of claims for
4 reimbursement and to identify and prevent overpayment or
5 inappropriate payment to deceased providers, sanctioned
6 providers, providers with expired licenses or credentials,
7 retired providers, and confirmed wrong addresses.

8 (b) The department shall adopt and implement predictive
9 modeling and analytics technologies into existing medicaid adult
10 and children's health insurance program claim processing
11 procedures that:

- 12 (1) Identify and analyze billing or utilization patterns
13 that present a high risk of fraudulent activity;
- 14 (2) Analyze necessary information before claims are paid,
15 minimize disruptions to the claims processing
16 procedures, and speed claims resolution;
- 17 (3) Prioritize identified transactions for additional
18 review before claims payments are made based upon
19 likelihood of potential waste, fraud, or abuse;
- 20 (4) Capture outcome information from adjudicated claims to
21 allow for refinement and enhancement of the predictive



1 analytics technologies based upon historical data and
 2 algorithms within the system; and
 3 (5) Prevent the payment of claims for reimbursement that
 4 are identified as potentially wasteful, fraudulent, or
 5 abusive until those claims have been automatically
 6 verified as valid."

7 SECTION 3. New statutory material is underscored.

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

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INTRODUCED BY: Mele Canale

John M. ...
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JAN 22 2013



H.B. NO. 985

Report Title:

Medicaid; Fraudulent Claims

Description:

Directs DHS to implement automated systems to detect and prevent fraudulent, wasteful, and abusive medicaid claims.

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