

JAN 18 2013

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# A BILL FOR AN ACT

RELATING TO CORRECTIONAL HEALTH CARE.

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

1           SECTION 1. The legislature finds that states have saved  
2 millions of dollars by incorporating solutions to eliminate and  
3 recover correctional health care overpayments. Similarly,  
4 states have significantly reduced correctional health care costs  
5 by ensuring that medicaid is only billed for eligible inpatient  
6 hospital and professional services.

7           Therefore, it is the intent of the legislature to  
8 incorporate automated payment detection, prevention, and  
9 recovery solutions to reduce overpayments and ensure that  
10 medicaid is only billed for eligible inpatient hospital and  
11 professional services. It is the further intent of the  
12 legislature that the State shall contract for the foregoing  
13 services and that the savings achieved shall more than cover the  
14 costs of implementation and administration of this Act.

15           SECTION 2. Unless otherwise stated, this Act shall  
16 specifically apply to state correctional health care systems and  
17 services, and state-contracted correctional health care  
18 services.



1           SECTION 3. The State shall incorporate state-of-the-art  
2 clinical code-editing technology solutions to further automate  
3 claims resolution and enhance cost containment through improved  
4 claim accuracy and appropriate code correction. The technology  
5 shall identify and prevent errors or potential overbilling based  
6 on widely accepted and referenceable protocols such as those of  
7 the American Medical Association and the Centers for Medicare  
8 and Medicaid Services. The code-editing shall be applied  
9 automatically before claims are adjudicated to: speed  
10 processing; reduce the number of pending or rejected claims;  
11 ensure a smoother, more consistent, and more open adjudication  
12 process; and reduce delays in provider reimbursement.

13           SECTION 4. The State shall incorporate correctional health  
14 care claims audit and recovery services to: identify improper  
15 payments due to non-fraudulent related issues; audit claims;  
16 obtain provider sign-off on the audit results; and recover  
17 validated overpayments. Post-payment reviews shall ensure that  
18 the diagnoses and procedure codes are accurate and valid based  
19 on the supporting physician documentation within the medical  
20 records. Core categories of reviews may include: coding  
21 compliance diagnosis related group reviews; transfers;



1 readmissions; cost outlier reviews; outpatient seventy-two-hour  
2 rule reviews; payment errors; and billing errors.

3 SECTION 5. The State shall incorporate automated payment  
4 detection, prevention, and recovery solutions to ensure that  
5 medicaid is only billed for eligible inpatient hospital and  
6 professional services.

7 SECTION 6. To the extent possible, technology services  
8 used in carrying out this Act shall be secured using the savings  
9 generated by the program, whereby the State's only direct cost  
10 will be funded through the actual savings achieved. To further  
11 enable this model, reimbursement to the contractor may be  
12 contracted on the basis of a percentage of achieved savings  
13 model, a per beneficiary per month model, a peer transaction  
14 model, a case-rate model, or any blended model of the  
15 aforementioned methodologies. Reimbursement models with the  
16 contractor may also include performance guarantees of the  
17 contractor to ensure savings identified exceed program costs.

18 SECTION 7. This Act shall take effect upon its approval.  
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INTRODUCED BY:

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# S.B. NO. 205

**Report Title:**

Correctional Health Care; Medicaid; Technology; Waste

**Description:**

Requires the State to implement certain cost-savings programs and technologies to eliminate and recover correctional health care overpayments and ensure medicaid is only billed for eligible inpatient hospital and professional services.

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

