

JAN 18 2013

A BILL FOR AN ACT

RELATING TO HEALTH INSURANCE.

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

1 SECTION 1. The legislature finds that the federal
2 government has estimated that state medicaid programs pay around
3 \$18,000,000,000 annually due to fraud, waste, and abuse. In
4 order to reduce this fraud, waste, and abuse, and save the
5 associated state tax dollars that are lost to this fraud, waste,
6 and abuse, it is the intent of the legislature to implement
7 modern pre-payment prevention and recovery solutions.

8 SECTION 2. For the purposes of this section:

9 "CHIP" means the children's health insurance program
10 established under Title XXI of the Social Security Act (42
11 U.S.C. 1397aa, et seq.).

12 "Medicaid" means the program to provide grants to states
13 for medical assistance programs established under Title XIX of
14 the Social Security Act (42 U.S.C. 1396, et seq.).

15 SECTION 3. This Act shall apply to state medicaid managed
16 care programs, state medicaid programs, and the state CHIP
17 program.



1 SECTION 4. The State shall incorporate provider data
2 verification and provider screening technology solutions into
3 the claims processing workflow to check current healthcare
4 billing and provider rendering data against a continually
5 maintained provider information database, automate reviews,
6 identify and prevent inappropriate payments to deceased
7 providers, identify sanctioned providers, note license
8 expirations and retired providers, and identify wrong addresses.

9 SECTION 5. The State shall implement state-of-the-art
10 predictive modeling and analytics technologies in a pre-payment
11 position within the healthcare claim workflow to provide a more
12 comprehensive and accurate view across all providers,
13 beneficiaries, and geographies within the medicaid and CHIP
14 programs and to:

- 15 (1) Identify and analyze those billing or utilization
16 patterns that represent a high risk of fraudulent
17 activity;
- 18 (2) Be integrated into the existing medicaid and CHIP
19 claims workflow;
- 20 (3) Undertake and automate such analysis before payment is
21 made to minimize disruptions to the workflow and speed
22 claim resolution;



- 1 (4) Prioritize such identified transactions for additional
2 review before payment is made based on likelihood of
3 potential waste, fraud, or abuse;
- 4 (5) Capture outcome information from adjudicated claims to
5 allow for refinement and enhancement of the predictive
6 analytics technologies based on historical data and
7 algorithms within the system; and
- 8 (6) Prevent the payment of claims for reimbursement that
9 have been identified as potentially wasteful,
10 fraudulent, or abusive until the claims have been
11 automatically verified as valid.

12 SECTION 6. It is the intent of the legislature that the
13 State shall contract for the services described in sections 4
14 and 5 of this Act and that the savings achieved through this Act
15 shall more than cover the costs of implementation and
16 administration. Therefore, to the extent possible, technology
17 services used in carrying out this Act shall be secured using
18 the savings generated by the program, whereby the State's only
19 direct cost will be funded through the actual savings achieved.
20 Further, to enable this model, reimbursement to the contractor
21 may be contracted on the basis of a percentage of achieved
22 savings model, a per beneficiary per month model, a peer



1 transaction model, a case-rate model, or any blended model of
 2 the aforementioned methodologies. Reimbursement models with the
 3 contractor may also include performance guarantees of the
 4 contractor to ensure savings identified exceed program costs.

5 SECTION 7. If any provision of this Act, or the
 6 application thereof to any person or circumstance, is held
 7 invalid, the invalidity does not affect other provisions or
 8 applications of the Act that can be given effect without the
 9 invalid provision or application, and to this end the provisions
 10 of this Act are severable.

11 SECTION 8. This Act shall take effect upon its approval.
 12

INTRODUCED BY: _____

Mike Hubbard

[Signature]

Frank P.
Erzanne Chun Adland

Peter Wiley
[Signature]
Melanie Johnson

Michelle Skidani



S.B. NO. 323

Report Title:

Medicaid; CHIP; Technology; Fraud; Waste; Abuse

Description:

Requires the State to implement certain cost-savings programs and technologies in the medicaid and children's health insurance programs to reduce fraud, waste, and abuse.

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

