

JAN 17 2014

A BILL FOR AN ACT

RELATING TO HEALTH CARE.

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

1 SECTION 1. The legislature finds that costs associated
2 with health care and corrections is putting serious pressure on
3 state budgets. Medicaid has been the fastest-growing part of
4 state expenditures over the past two decades, with corrections
5 coming in just behind it.

6 The legislature further finds that states have saved
7 millions of dollars by implementing solutions to eliminate and
8 recover correctional health care overpayments. Similarly,
9 states have significantly reduced correctional health care costs
10 by billing medicaid for eligible inpatient health care costs.

11 The savings achieved through improved correctional health
12 care billing will more than cover the cost of the implementation
13 and administration of automated health care technology.
14 Contractors hired for these services may be reimbursed on the
15 basis of a percentage of achieved savings model, per beneficiary
16 per month model, per transaction model, case-rate model, or any
17 combination thereof. Reimbursement models with the contractor



1 may include performance guarantees by the contractor to ensure
2 that the savings identified exceed program costs.

3 The purpose of this Act is to implement automated payment
4 detection, prevention, and recovery solutions to reduce
5 correctional health care overpayments and to assure that
6 medicaid is billed for eligible inpatient hospital and
7 professional services.

8 SECTION 2. Section 353C-4.5, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "[+]§353C-4.5[+] **Correctional health care program.** (a)

11 There is established a correctional health care program within
12 the department. The administrator of the correctional health
13 care program and physicians who provide care to inmates shall be
14 appointed by the director without regard to [+]chapter 76[+].

15 (b) The department shall implement state of the art
16 clinical code editing technology solutions to further automate
17 claims resolution and enhance cost containment through improved
18 claim accuracy and appropriate code correction. The technology
19 shall identify and prevent errors or potential overbilling based
20 on widely accepted and referenced protocols such as those
21 established by the American Medical Association and the Centers
22 for Medicare and Medicaid Services. The edits shall be applied



1 automatically before claims are adjudicated to speed processing
2 and reduce the number of pending or rejected claims and help
3 ensure a smoother, more consistent, and more open adjudication
4 process and fewer delays in provider reimbursement.

5 (c) The department shall implement correctional health
6 care claims audit and recovery services to identify improper
7 payments due to non-fraudulent issues, audit claims, obtain
8 provider sign-off on the audit results, and recover validated
9 overpayments. The department shall conduct post payment reviews
10 to ensure that the diagnoses and procedure codes are accurate
11 and valid based on the supporting physician documentation within
12 the medical records.

13 (d) The department shall implement automated payment
14 detection, prevention, and recovery solutions to assure that
15 medicaid is billed for eligible inpatient hospital and
16 professional services.

17 (e) The department shall contract for the technology
18 services necessary to carry out this section, and the savings
19 achieved through this section shall be used to pay for
20 implementation and administration of programs implemented
21 pursuant to this section."



S.B. NO. 2314

1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

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

INTRODUCED BY: Will Lyer

Marianne Ann Cleveland

Russell de Bell

Clearence & Fishburn

J
Amber Slo



S.B. NO. 2314

Report Title:

Correctional Health Care Program; Medicaid; Overpayment

Description:

Requires the department of public safety to implement state of the art clinical code editing technology solutions to the correctional health care program in order to prevent errors and potential overbilling. Requires the department to implement correctional health care claims audit and recovery services to identify improper payments. Requires the department to ensure that medicaid is 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.

