

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

March 21, 2013
Date

Committee on Health & Human Services.

After consideration on the merits, the Committee recommends the following:

SB13-137 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation and with a recommendation that it be placed on the consent calendar:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, **add** 25.5-1-114.5
4 as follows:

5 **25.5-1-114.5. Medicaid fraud detection - request for**
6 **information.** (1) IN ENACTING THIS SECTION, THE GENERAL ASSEMBLY
7 INTENDS TO:

8 (a) IMPLEMENT WASTE, FRAUD, AND ABUSE DETECTION,
9 PREVENTION, AND RECOVERY SOLUTIONS TO IMPROVE PROGRAM
10 INTEGRITY IN THE STATE'S MEDICAID PROGRAM AND CREATE EFFICIENCY
11 AND COST SAVINGS THROUGH A SHIFT FROM A RETROSPECTIVE "PAY AND
12 CHASE" MODEL TO A PROSPECTIVE PREPAYMENT MODEL; AND

13 (b) INVEST IN THE MOST COST-EFFECTIVE TECHNOLOGIES OR
14 STRATEGIES THAT YIELD THE HIGHEST RETURN ON INVESTMENT.

15 (2) BY SEPTEMBER 30, 2013, THE STATE DEPARTMENT SHALL ISSUE
16 A REQUEST FOR INFORMATION TO SEEK INPUT FROM POTENTIAL
17 CONTRACTORS ON CAPABILITIES THAT THE STATE DEPARTMENT DOES NOT
18 CURRENTLY POSSESS, FUNCTIONS THAT THE STATE DEPARTMENT IS NOT
19 CURRENTLY PERFORMING, AND THE COST STRUCTURES ASSOCIATED WITH
20 IMPLEMENTING:

21 (a) ADVANCED PREDICTIVE MODELING AND ANALYTICS
22 TECHNOLOGIES TO PROVIDE A COMPREHENSIVE AND ACCURATE VIEW

1 ACROSS ALL PROVIDERS, RECIPIENTS, AND GEOGRAPHIC LOCATIONS WITHIN
2 THE MEDICAID PROGRAM IN ORDER TO:

3 (I) IDENTIFY AND ANALYZE THOSE BILLING AND UTILIZATION
4 PATTERNS THAT REPRESENT A HIGH RISK OF FRAUDULENT ACTIVITY;

5 (II) BE EASILY INTEGRATED INTO THE EXISTING MEDICAID
6 PROGRAM CLAIMS OPERATIONS;

7 (III) UNDERTAKE AND AUTOMATE SUCH ANALYSIS BEFORE
8 PAYMENT IS MADE TO MINIMIZE DISRUPTIONS TO STATE DEPARTMENT
9 OPERATIONS AND SPEED CLAIM RESOLUTION;

10 (IV) PRIORITIZE THE IDENTIFIED TRANSACTIONS FOR ADDITIONAL
11 REVIEW BEFORE PAYMENT IS MADE BASED UPON THE LIKELIHOOD OF
12 POTENTIAL WASTE, FRAUD, OR ABUSE;

13 (V) OBTAIN OUTCOME INFORMATION FROM ADJUDICATED CLAIMS
14 TO ALLOW FOR REFINEMENT AND ENHANCEMENT OF THE PREDICTIVE
15 ANALYTICS TECHNOLOGIES BASED ON HISTORICAL DATA AND ALGORITHMS
16 WITH THE SYSTEM; AND

17 (VI) PREVENT THE PAYMENT OF CLAIMS FOR REIMBURSEMENT
18 THAT HAVE BEEN IDENTIFIED AS POTENTIALLY WASTEFUL, FRAUDULENT,
19 OR ABUSIVE UNTIL THE CLAIMS HAVE BEEN AUTOMATICALLY VERIFIED AS
20 VALID;

21 (b) PROVIDER AND RECIPIENT DATA VERIFICATION AND SCREENING
22 TECHNOLOGY SOLUTIONS, WHICH MAY USE PUBLICLY AVAILABLE
23 RECORDS, FOR THE PURPOSES OF AUTOMATING REVIEWS AND IDENTIFYING
24 AND PREVENTING INAPPROPRIATE PAYMENTS BY:

25 (I) IDENTIFYING ASSOCIATIONS BETWEEN PROVIDERS,
26 PRACTITIONERS, AND BENEFICIARIES THAT INDICATE RINGS OF COLLUSIVE
27 FRAUDULENT ACTIVITY; AND

28 (II) DISCOVERING RECIPIENT ATTRIBUTES THAT INDICATE
29 IMPROPER ELIGIBILITY, INCLUDING BUT NOT LIMITED TO DEATH,
30 OUT-OF-STATE RESIDENCY, INAPPROPRIATE ASSET OWNERSHIP, OR
31 INCARCERATION; AND

32 (c) FRAUD INVESTIGATION SERVICES THAT COMBINE
33 RETROSPECTIVE CLAIMS ANALYSIS AND PROSPECTIVE WASTE, FRAUD, OR
34 ABUSE DETECTION TECHNIQUES. THESE SERVICES MUST INCLUDE
35 ANALYSIS OF HISTORICAL CLAIMS DATA, MEDICAL RECORDS, SUSPECT
36 PROVIDER DATABASES, AND HIGH-RISK IDENTIFICATION LISTS, AS WELL AS
37 DIRECT RECIPIENT AND PROVIDER INTERVIEWS. EMPHASIS MUST BE
38 PLACED ON PROVIDING EDUCATION TO PROVIDERS AND ALLOWING THEM
39 THE OPPORTUNITY TO REVIEW AND CORRECT ANY PROBLEMS IDENTIFIED
40 PRIOR TO ADJUDICATION.

41 (3) IN ADDITION TO THE INFORMATION PROVIDED PURSUANT TO

1 SUBSECTION (2) OF THIS SECTION, A POTENTIAL CONTRACTOR RESPONDING
2 TO THE REQUEST FOR INFORMATION SHALL INCLUDE INFORMATION
3 CONCERNING:

4 (a) THE EXTENT TO WHICH THE POTENTIAL CONTRACTOR WILL
5 SEEK CLINICAL AND TECHNICAL EXPERTISE FROM COLORADO PROVIDERS
6 CONCERNING THE DESIGN AND IMPLEMENTATION OF THE MEDICAID FRAUD
7 DETECTION SYSTEM DESCRIBED IN THIS SECTION AND THE METHOD OR
8 METHODS FOR SEEKING THAT EXPERTISE; AND

9 (b) THE POTENTIAL CONTRACTOR'S ABILITY TO CREATE AN
10 EDUCATION AND OUTREACH PROGRAM THAT IS WIDELY AVAILABLE AND
11 EASILY ACCESSIBLE TO COLORADO PROVIDERS FOR PURPOSES OF
12 EDUCATING PROVIDERS ON ISSUES RELATING TO COVERAGE AND CODING.

13 (4)(a) THE STATE DEPARTMENT IS ENCOURAGED TO USE THE
14 RESULTS OF THE REQUEST FOR INFORMATION TO CREATE FORMAL
15 REQUESTS FOR PROPOSALS TO CARRY OUT THE WORK IDENTIFIED IN THIS
16 SECTION IF THE FOLLOWING CONDITIONS ARE MET:

17 (I) THE STATE DEPARTMENT EXPECTS TO GENERATE STATE
18 SAVINGS BY PREVENTING FRAUD, WASTE, AND ABUSE;

19 (II) THIS WORK CAN BE INTEGRATED INTO THE STATE
20 DEPARTMENT'S CURRENT MEDICAID OPERATIONS WITHOUT CREATING
21 ADDITIONAL COSTS TO THE STATE; AND

22 (III) THE REVIEWS OR AUDITS ARE NOT ANTICIPATED TO DELAY OR
23 IMPROPERLY DENY THE PAYMENT OF LEGITIMATE CLAIMS TO PROVIDERS.

24 (b) PRIOR TO AWARDING ANY CONTRACT PURSUANT TO THIS
25 SECTION, THE STATE DEPARTMENT SHALL ESTABLISH AN APPEAL PROCESS
26 FOR PROVIDERS THAT MINIMIZES THE ADMINISTRATIVE BURDEN PLACED
27 ON PROVIDERS, LIMITS THE NUMBER OF MEDICAL RECORDS REQUESTS, AND
28 PROVIDES ADEQUATE TIME FOR PROVIDERS TO RESPOND TO INQUIRIES.

29 (5) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE
30 SAVINGS ACHIEVED THROUGH THIS SECTION MUST MORE THAN COVER THE
31 COST OF IMPLEMENTATION AND ADMINISTRATION. THEREFORE, TO THE
32 EXTENT POSSIBLE, TECHNOLOGY SERVICES USED IN CARRYING OUT THIS
33 SECTION MUST BE SECURED USING THE SAVINGS GENERATED BY THE
34 PROGRAM, WITH THE STATE'S DIRECT COST FUNDED THROUGH THE ACTUAL
35 SAVINGS ACHIEVED.

36 **SECTION 2. Act subject to petition - effective date.** This act
37 takes effect at 12:01 a.m. on the day following the expiration of the
38 ninety-day period after final adjournment of the general assembly (August
39 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a
40 referendum petition is filed pursuant to section 1 (3) of article V of the
41 state constitution against this act or an item, section, or part of this act

1 within such period, then the act, item, section, or part will not take effect
2 unless approved by the people at the general election to be held in
3 November 2014 and, in such case, will take effect on the date of the
4 official declaration of the vote thereon by the governor.".

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