BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1587
By: Zaffirini
Human Services
4/1/1999
Committee Report (Substituted)

DIGEST

Currently, the comptroller and the state auditor's office report possible overpayment of approximately $162 million for Medicaid acute services. The comptroller's Fraud Measurement Study makes recommendations for improvements via random audits, data matches and investigations of possible fraud by dishonest providers and recipients. This bill would set forth procedures for detecting fraud, waste, and abuse in the state Medicaid program.

PURPOSE

As proposed, C.S.S.B. 1587 sets forth procedures for detecting fraud, waste, and abuse in the state Medicaid program.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Health and Human Services Commission (HHSC) in SECTION 3 (Section 531.102, Government Code), and to HHSC or a health and human services agency designated by HHSC in SECTION 4 (Section 531.110, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 32B, Human Resources Code, by adding Sections 32.0242 and 32.0243, as follows:

> Sec. 32.0242. VERIFICATION OF CERTAIN INFORMATION. Requires the Health and Human Services Commission or an agency operating part of the medical assistance program, as appropriate (department) to verify an applicant's residential address at the time the application for medical assistance is filed, to the extent possible.
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> Sec. 32.0243. PERIODIC REVIEW OF ELIGIBILITY FOR CERTAIN RECIPIENTS. Requires the department in cooperation with the United States Social Security Administration to review the eligibility of a recipient of medical assistance based on eligibility to receive benefits under 42 U.S.C. Section 1381 et seq. as amended (SSI benefits). Requires the department to ensure that only recipients who reside in this state and who continue to be eligible for SSI benefits remain eligible for medical assistance.

SECTION 2. Amends Section 403.026(a), Government Code, as added by Chapter 1153, Acts of the 75th Legislature, Regular Session, 1997, to require the comptroller, in consultation with the state auditor's office, to conduct a study to determine the number and type of potential fraudulent claims for certain benefits submitted and the need for changes to the eligibility system used under the state Medicaid program. Makes conforming changes.

SECTION 3. Amends Section 531.102, Government Code, by adding Subsection (e), to require Health and Human Services Commission (HHSC) to set, by rule, specific claims criteria, required to be based on a total dollar amount or a total number of claims submitted for services to a particular recipient during a specified amount of time that indicates a high potential for fraud, that requires the Investigations and Enforcement Office to begin an investigation.

SECTION 4. Amends Chapter 531C, Government Code, by adding Sections 531.109, 531.110, and 531.111, as follows:

Sec. 531.109. SELECTION AND REVIEW OF CLAIMS. Requires HHSC to review a sample of all claims for reimbursement under the state Medicaid program, including the vendor drug program, for potential cases of fraud, waste, or abuse. Authorizes HHSC to directly contact a recipient by a certain manner to verify that services claimed for reimbursement were actually provided. Requires HHSC to determine the types of claims at which HHSC resources for fraud and detection should be primarily directed.

Sec. 531.110. ELECTRONIC DATA MATCHING PROGRAM. Requires HHSC to conduct electronic data matches for a recipient of assistance under the state Medicaid program at least quarterly to verify certain factors that affect the eligibility of the recipient. Requires the electronic data matching to match information provided by the recipient with information contained in databases maintained by appropriate federal and state agencies. Requires the Texas Department of Human Service (TDHS) to provide data or any other assistance necessary to conduct the electronic data matches to HHSC. Authorizes HHSC to contract with a public or private entity to conduct the electronic data matches. Requires HHSC or a health and human services agency designated by HHSC to establish, by rule, procedures to verify the electronic data matches conducted by HHSC. Requires TDHS to remove recipients ineligible for assistance under the state Medicaid program, within 20 days of an electronic data matches' verification. Requires HHSC to report biennially to the legislature on the results of the electronic data matching program, and must include a summary of the number of recipients removed from eligibility.

Sec. 531.111. FRAUD DETECTION TECHNOLOGY. Authorizes HHSC to contract with a contractor who specializes in developing technology to implement fraud detection technology to determine if a pattern of fraud by Medicaid recipients is present.

SECTION 5. Requires HHSC to study and consider for implementation fraud detection technology.

SECTION 6. Requires the Texas Department of Health (TDH) to contract with a contractor who specializes in Medicaid claims payment systems to perform tests on the Medicaid claims payment system (system) before December 31, 2000. Requires a contractor to conduct independent tests on any replacements for or enhancements to the system before the implementation of replacements or enhancements.

SECTION 7. Requires TDHS to develop an eligibility confirmation letter, not easily duplicated, before October 1, 2000, to be used to replace the Medicaid eligibility letter used on the effective date of this Act. Requires the interagency task force on electronic benefits transfers (task force) to identify and consider other methods, including electronic methods, for use by a recipient to prove eligibility, and requires the task force to consider methods used by other states. Requires the task force to report the results of the study conducted under Subsection (b) to certain persons or committees, not later than September 1, 2000. Requires the report to make a recommendation regarding the implementation of a permanent system. Requires the recommended system to be designed to reduce the potential for fraudulent claims eligibility. Requires HHSC to submit a certain report to the legislature regarding alternative methods of verification of eligibility for benefits.

SECTION 8. Requires TDHS to begin the first review of eligibility for recipients of medical assistance, not later than October 1, 2000.

SECTION 9. Requires an agency affected by a need for a waiver or authorization to implement a provision of this Act, to request a waiver or authorization and authorizes the agency to delay implementation until the request is granted.

SECTION 10. Effective date: September 1, 1999.

SECTION 11. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 32.0242, Human Resources Code, to require the department to verify an applicant's address at the time the application for medical assistance is filed. Deletes a provision prohibiting the department from accepting a post office box.

SECTION 2.

Amends Section 403.026(a), Government Code, to require the comptroller, in consultation with the state auditor's office, to conduct a study to determine the number of potential fraudulent claims submitted.

SECTION 3.

Amends Section 531.102, Government Code, to delete a provision setting priorities for investigations.

SECTION 4.

Amends Section 531.110, Government Code, to require HHSC to compare information in databases maintained by appropriate federal and state agencies with the information provided by applicants. Requires HHSC or a health and human services agency designated by HHSC to establish procedures, by rule, to verify electronic data matches. Deletes text listing appropriate agencies.

SECTION 6.

Requires the TDH to contract with a certain contractor before December 31, 2000. Requires the contractor to conduct certain tests.

SECTION 7.

Requires TDHS to develop a Medicaid eligibility letter not later than October 1, 2000. Requires the task force to consider certain alternative methods for proving eligibility. Requires the task force to submit a report, making certain recommendations, regarding the results of a study conducted under Subsection (b) to certain offices. Requires HHSC to submit a report to the legislature regarding the effectiveness of alternative methods for proving eligibility.

SECTION 8.

Requires TDHS to review eligibility for recipients no later than October 1, 2000.