

ASSEMBLY BILL NO. 221—ASSEMBLYMEN DONDERO LOOP,
KIRKPATRICK AND EISEN

MARCH 8, 2013

Referred to Committee on Health and Human Services

SUMMARY—Requires the Director of the Department of Health and Human Services to consider measures to revise the manner in which payments are reviewed and made to providers under Medicaid and the Children's Health Insurance Program. (BDR S-232)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public welfare; requiring the Director of the Department of Health and Human Services to issue a request for information to determine the availability, cost and appropriateness of certain measures to revise the manner in which payments are reviewed and made to providers under Medicaid and the Children's Health Insurance Program; requiring the Director to enter into any appropriate contracts; and providing other matters properly related thereto.

Legislative Counsel's Digest:

1 Under existing law, Medicaid and the Children's Health Insurance Program are
2 administered by the Department of Health and Human Services. (NRS 422.270)
3 This bill requires the Director of the Department to issue a request for information
4 to determine the availability and cost of technology, data verification and resources
5 to assist the Department in reducing waste, fraud and abuse under Medicaid and the
6 Children's Health Insurance Program. The request issued by the Director is
7 specifically required to seek information on strategies for determining the validity
8 of claims for payment for services to recipients of Medicaid or the Children's
9 Health Insurance Program before payments are sent to reimburse providers. This
10 bill also requires the Director to review the responses to the request for information
11 to determine measures that may be taken to reduce waste, fraud and abuse under
12 Medicaid and the Children's Health Insurance Program and to enter into
13 appropriate contracts to carry out those measures.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. 1. On or before September 1, 2013, the Director of the Department of Health and Human Services or his or her designee shall issue a request for information to determine the availability and cost of technology, data verification and resources to assist the Department in reducing waste, fraud and abuse under Medicaid and the Children's Health Insurance Program. The request must seek information concerning strategies for determining the validity of claims for payment for services to recipients of Medicaid or the Children's Health Insurance Program before such payments are sent to reimburse providers.

2. The request issued pursuant to subsection 1 must seek information concerning technology that is capable of being integrated into the existing system that is used to evaluate claims for payment of services provided to recipients of Medicaid and the Children's Health Insurance Program. The information must inform the Department whether the technology will provide the ability for the Department to make predictions about and analyze data before payments are made for such claims for payment, including, without limitation, the ability to:

(a) Automatically analyze billing or utilization patterns by providers and recipients of Medicaid and the Children's Health Insurance Program to identify possible waste, fraud and abuse;

(b) Identify specific transactions to be subject to additional review based on the likelihood of potential waste, fraud or abuse and, to the extent possible, automatically identify and authorize payment for transactions that are not wasteful, fraudulent or abusive;

(c) Prevent the payment of claims for services that have been identified as potentially wasteful, fraudulent or abusive until the claims have been confirmed as valid; and

(d) Collect and analyze information regarding the outcomes of appeals conducted pursuant to NRS 422.276 regarding denials of claims for payment of services to determine whether better predictions and analysis may be achieved.

3. The request issued pursuant to subsection 1 must seek information concerning technology that is capable of verifying data regarding providers for and recipients of Medicaid and the Children's Health Insurance Program using publicly available records. The information must inform the Department whether such technology may be used to automate the review of transactions with those programs and to identify and prevent wasteful, fraudulent and abusive payments by identifying:



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(a) Associations between providers, practitioners and recipients which indicate that any of those persons are acting in collusion with each other to engage in fraudulent practices; and

(b) Potential factors that would disqualify a person from eligibility for Medicaid or the Children's Health Insurance Program, which may include, without limitation, death, residence outside this State, ownership of too many assets and incarceration.

4. The request issued pursuant to subsection 1 must seek information concerning other fraud investigation services that combine a retrospective analysis of claims for payment of services under Medicaid and the Children's Health Insurance Program and prospective detection of waste, fraud and abuse. The information must inform the Department whether such services are available to:

(a) Analyze historical data regarding claims for payment of services and medical records;

(b) Analyze databases of information regarding providers suspected of submitting fraudulent claims for payment and of interviews with providers and recipients of Medicaid and the Children's Health Insurance Program; and

(c) Provide an opportunity for providers to review and correct any problems which are identified and place an emphasis on educating providers.

5. The Director shall review the responses to the request for information issued pursuant to this section to determine measures that may be taken to reduce waste, fraud and abuse under Medicaid and the Children's Health Insurance Program by allowing determinations to be made about claims for reimbursement before payments are made. The Director shall enter into any appropriate contracts to carry out those measures within the existing budget of the Department or using any savings resulting from such measures. Any such measures must not delay or deny payments to providers.

6. As used in this section:

(a) "Children's Health Insurance Program" means the program established pursuant to 42 U.S.C. §§ 1397aa to 1397jj, inclusive, to provide health insurance for uninsured children from low-income families in this State.

(b) "Medicaid" means the program established pursuant to Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq., to provide assistance for part or all of the cost of medical care rendered on behalf of indigent persons.

(c) "Provider" means a person or governmental entity who provides services to a recipient of Medicaid or the Children's Health Insurance Program for remuneration.



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1 **Sec. 2.** This act becomes effective on July 1, 2013.

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