

1 HB407  
2 157684-1  
3 By Representatives Scott and Robinson (O)  
4 RFD: Ways and Means General Fund  
5 First Read: 04-FEB-14

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8 SYNOPSIS: This bill would require the Department of  
9 Corrections, in cooperation with the Medicaid  
10 Agency, to adopt and implement a plan to reduce  
11 health care overpayments for health care services  
12 provided to correctional inmates.

13 This bill would require the plan to be  
14 adopted and implemented in a manner that the  
15 savings achieved pays for the cost of  
16 implementation.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT

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22 To require the Department of Corrections, in  
23 cooperation with the Medicaid Agency, to adopt and implement a  
24 plan to reduce health care overpayments for health care  
25 services to correctional inmates; and to require the plan to  
26 be implemented such that the savings achieved shall cover the  
27 cost of implementation.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. (a) Unless otherwise stated, this section  
3 shall specifically apply to both of the following:

4 (1) State correctional health care systems and  
5 services.

6 (2) State contracted managed correctional health  
7 care services.

8 (b) The Department of Corrections, in cooperation  
9 with the Medicaid Agency, shall do all of the following:

10 (1) Adopt a plan to reduce overpayments for health  
11 care by implementing state-of-the-art clinical code editing  
12 technology solutions to further automate claims resolution and  
13 enhance cost containment through improved claim accuracy and  
14 appropriate code correction. The technology shall identify and  
15 prevent errors or potential overbilling based on widely  
16 accepted and referenceable protocols such as the American  
17 Medical Association and the Centers for Medicare and Medicaid  
18 Services. The edits shall be applied automatically before  
19 claims are adjudicated to speed processing and reduce the  
20 number of pended or rejected claims and help ensure a  
21 smoother, more consistent and more open adjudication process  
22 and fewer delays in provider reimbursement.

23 (2) Implement correctional health care claims audit  
24 and recovery services to identify improper payments due to  
25 nonfraudulent issues, audit claims, obtain provider sign-off  
26 on the audit results and recover validated overpayments. Post  
27 payment reviews shall ensure that the diagnoses and procedure

1 codes are accurate and valid based on the supporting physician  
2 documentation within the medical records. Core categories of  
3 reviews could include: Coding compliance diagnosis related  
4 group reviews, transfers, readmission, cost outlier reviews,  
5 outpatient 72-hour rule reviews, payment errors, billing  
6 errors, and others.

7 (3) Implement automated payment detection,  
8 prevention, and recovery solutions to assure that Medicaid is  
9 billed for eligible inpatient hospital and professional  
10 services.

11 (c) The Department of Corrections and the Medicaid  
12 Agency shall contract for these services in a manner such that  
13 the savings achieved through this section shall more than  
14 cover the cost of implementation and administration of this  
15 program. To the extent possible, technology services used in  
16 carrying out this section shall be secured using the savings  
17 generated by the program, whereby the only direct cost of the  
18 state will be funded through the actual savings achieved.  
19 Reimbursement to the contractor may be made on the basis of a  
20 percentage of achieved savings model, a per beneficiary per  
21 month model, a per transaction model, a case-rate model, or  
22 any blended model of the aforementioned methodologies.  
23 Reimbursement models with the contractor may also include  
24 performance guarantees of the contractor to ensure that the  
25 savings identified exceed program costs.

1                   Section 2. This act shall become effective on the  
2 first day of the third month following its passage and  
3 approval by the Governor, or its otherwise becoming law.