

BILL ANALYSIS

S.B. 630
By: Van de Putte
Public Health
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, there are no set procedures and rules for audits of providers who contract with the Health and Human Services Commission (HHSC). Many providers who have been audited have not had the opportunity to explain discrepancies to the auditing agencies before having to obtain legal counsel to mediate any audit findings. Thousands of dollars are being spent on legal fees to explain discrepancies to the auditing agencies that could have easily been dealt with through exit interviewing.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 of this bill.

ANALYSIS

The bill defines "provider," requires the executive commissioner of the HHSC to establish rules regulating provider audits that include, provisions requiring prior notification not later than the seventh day before the date the field audit begins, limits the period covered by an audit to three years, accommodation with the provider's schedule in conducting the field audit portion of the audit, requires entrance interviews and uniform audit standards and parameters. The bill requires an exit interview to review the agency's initial findings while allowing the provider to respond to questions, comment on initial findings, correct a questioned cost through documentation and provide a preliminary audit report and documentation used to support a proposed adjustment.

The bill also specifies the provider is permitted to produce documentation to address an exception found during an audit within 10 days after the field audit is completed, the agency must deliver a draft audit report to the provider within 60 days, allow the provider to submit a written management response or appeal the draft audit within 30 days, and delivery of the final audit report to the provider within 180 days after a final decision is issued on the appeal or the date the field audit portion of the audit is completed.

The bill also establishes an ad hoc peer-review panel of providers to administer an informal process through which a provider may obtain an early review of the audit report or an unfavorable audit finding without the need to obtain legal counsel and a recommendation to revise or dismiss an unfavorable audit finding that is found to be unsubstantiated may be made by the review panel to the agency, provided that the recommendation is not binding to the agency. The ad hoc peer-review panel is appointed by the executive commissioner of the Health and Human Services Commission.

The bill states that the "Audits of Providers" section does not apply to a computerized audit conducted using the Medicaid Fraud Detection Audit System or an audit or investigation of fraud and abuse conducted by the Medicaid fraud control unit of the office of the attorney general, the office of the state auditor, the office of the inspector general, or the office of inspector general in the United States Department of Health and Human Services.

EFFECTIVE DATE

September 1, 2005.