

By: Gonzalez Toureilles

H.B. No. 3418

A BILL TO BE ENTITLED

AN ACT

relating to audits of providers in the program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.070 to read as follows:

Sec. 32.070. AUDITS OF PROVIDERS. (a) In this section, "provider" means an individual, firm, partnership, corporation, agency, association, institution, or other entity that is or was approved by the department to provide medical assistance under contract or provider agreement with the department.

(b) The executive commissioner of the Health and Human Services Commission shall adopt rules governing the audit of providers in the medical assistance program.

(c) The rules must:

(1) provide that the agency conducting the audit must notify the provider of the impending audit not later than the seventh day before the date of the audit;

(2) limit the period covered by an audit to one year;

(3) provide that an audit may not be conducted during the first five days of any month;

(4) provide that each provider must be audited under the same standards and parameters;

(5) provide that the agency conducting the audit shall allow the provider to correct a clerical error or omission in a

1 document required under the medical assistance program if there is  
2 no indication that the error or omission demonstrates intent to  
3 commit fraud;

4 (6) permit the provider to produce documentation to  
5 address any irregularity found during an audit not later than the  
6 10th day after the date the audit is completed;

7 (7) provide that the agency conducting the audit shall  
8 deliver a preliminary audit report to the provider not later than  
9 the 90th day after the date the audit is completed;

10 (8) provide that the agency conducting the audit shall  
11 deliver the final audit report to the provider not later than the  
12 180th day after the date the preliminary report is delivered to the  
13 provider or the date on which a final decision is issued on an  
14 appeal made under Subdivision (9), whichever is later; and

15 (9) establish an ad hoc peer-review panel, composed of  
16 providers practicing or doing business in this state appointed by  
17 the executive commissioner of the Health and Human Services  
18 Commission, to administer an informal process through which:

19 (A) a provider may obtain an early review of the  
20 audit report or may appeal an unfavorable audit finding without the  
21 need to obtain legal counsel; and

22 (B) an unfavorable audit finding that is found to  
23 be unsubstantiated may be revised or dismissed without need of  
24 further action by the agency.

25 (d) This section does not apply to an audit conducted by the  
26 Medicaid fraud control unit of the office of the attorney general.

27 SECTION 2. Not later than January 1, 2006, the executive

1 commissioner of the Health and Human Services Commission shall  
2 adopt rules required by Section 32.070, Human Resources Code, as  
3 added by this Act.

4 SECTION 3. If before implementing any provision of this Act  
5 a state agency determines that a waiver or authorization from a  
6 federal agency is necessary for implementation of that provision,  
7 the agency affected by the provision shall request the waiver or  
8 authorization and may delay implementing that provision until the  
9 waiver or authorization is granted.

10 SECTION 4. This Act takes effect September 1, 2005.