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By:  Davis of Harris H.B. No. 3481

A BILL TO BE ENTITLED

AN ACT

relating to investigation of fraud, waste, and abuse in Medicaid managed care by the Health and Human Services Commission's office of inspector general.

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

SECTION 1.  Section 531.102, Government Code, is amended by adding Subsection (z) to read as follows:

(z)  The office shall develop a process to allow health care facilities, including hospitals, and other providers to report fraud, waste, and abuse to the office.

SECTION 2.  Subchapter C, Chapter 531, Government Code, is amended by adding Section 531.1134 to read as follows:

Sec. 531.1134.  INVESTIGATIONS OF FRAUD, WASTE, AND ABUSE IN MEDICAID MANAGED CARE. (a) In this section:

(1)  "Medicaid managed care organization" means a managed care organization as defined by Section 533.001 that contracts with the commission under Chapter 533 to provide health care services to Medicaid recipients.

(2)  "Office" means the commission's office of inspector general.

(3)  "Potentially preventable event" has the meaning assigned by Section 536.001.

(b)  The office shall investigate the source of fraud, waste, and abuse in Medicaid managed care contracts and whether the fraud, waste, or abuse was committed by a Medicaid recipient, a provider, a Medicaid managed care organization by denying services, or a hospital by contributing to a potentially preventable event.

(c)  The commission shall investigate or intervene in the office's investigation of a Medicaid managed care organization that is identified as an outlier among other Medicaid managed care organizations regarding rates of denial of services based on medical necessity.

(d)  The office shall conduct a fiscal analysis of abuse in quality-based payment outcome and process measures, including potentially preventable events caused by a Medicaid managed care organization's routine denial of care based on medical necessity.

(e)  The office shall periodically report to the commission the outcomes of Medicaid managed care program investigations conducted by the office. The office may combine the report required by this subsection with a report required by Section 531.102(j).

(f)  The office shall prepare and submit to the commission and the legislature a quarterly report recommending enforcement actions for the Medicaid managed care program. The commission and the office shall post each report on their respective Internet websites. The office may combine the report required by this subsection with the report required by Section 531.102(t).

SECTION 3.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.