

By: Davis of Harris

H.B. No. 3481

A BILL TO BE ENTITLED

AN ACT

1
2 relating to investigation of fraud, waste, and abuse in Medicaid
3 managed care by the Health and Human Services Commission's office
4 of inspector general.

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

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

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

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

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

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

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

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

23 (b) The office shall investigate the source of fraud, waste,
24 and abuse in Medicaid managed care contracts and whether the fraud,

1 waste, or abuse was committed by a Medicaid recipient, a provider, a
2 Medicaid managed care organization by denying services, or a
3 hospital by contributing to a potentially preventable event.

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

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

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

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

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