

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 142  
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Health & Human Services  
4/30/2025  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 142 is an omnibus bill for the Office of the Inspector General (OIG). Current law presents multiple barriers to OIG's oversight and enforcement capabilities. There are conflicting statutory provisions regarding expert witness procurement, limitations on conducting criminal background checks on certain healthcare providers, and outdated requirements for reviewing Medicaid claims. Additionally, inefficiencies in fraud reporting, restrictions on information-sharing, and redundant statutory language further impede the OIG's ability to carry out its mission effectively.

H.B. 142 strengthens the OIG's ability to combat fraud, waste, and abuse in Texas health programs by addressing inefficiencies and inconsistencies in current law. It clarifies the OIG's authority to retain expert witnesses under Section 2152.005, aligning with other state agencies to expand access to specialized medical expertise.

H.B. 142 allows name-based criminal history checks for Medicaid providers while keeping fingerprint restrictions, ensuring better vetting without added burdens. It also modernizes the fraud hotline, reducing inefficiencies in handling 33,000 annual reports, of which less than two percent lead to recoveries.

Additionally, it clarifies data-sharing rules, enabling the OIG to collaborate with law enforcement and other states to detect Medicaid fraud. It repeals outdated random Medicaid claim reviews, shifting focus to data-driven fraud detection. Finally, the bill fixes redundant statutory language from previous legislation, ensuring clarity in health agency laws.

#### Bill Summary:

- Clarifies OIG's ability to hire expert witnesses, aligning with other state agencies to attract more qualified medical professionals.
- Allows OIG to conduct name-based criminal history checks on Medicaid and CHIP providers, improving provider screening without added costs.
- Gives OIG flexibility in how fraud, waste, and abuse reports are received, improving efficiency while reducing low-value reports.
- Allows OIG to share fraud-related data with law enforcement and other states, helping detect Medicaid fraud across state lines.
- Eliminates the outdated random claims review requirement, freeing up resources for data-driven fraud detection instead.
- Corrects redundant statutory language from previous legislation.

#### Committee Substitute:

C.S.H.B. 142 incorporates the language from Senator Hughes' S.B. 2458 that was voted out of the Senate Committee on Health and Human Services earlier this month 9-0.

S.B. 2458 strengthens OIG'S ability to recover improper Medicaid payments by expanding the Recovery Audit Contractor Program to include managed care claims, which make up about 97 percent of Texas Medicaid claims. The bill ensures recoveries do not duplicate existing managed care efforts and applies only if funding is available. This expansion is expected to generate \$25.5 million in FY 27, \$46.5 million in FY 28, and \$77.4 million in FY 29.

C.S.H.B. 142 amends current law relating to the Health and Human Services Commission's office of inspector general, the review of certain Medicaid claims, and the recovery of certain overpayments under Medicaid.

## **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 5 (Section 544.0504, Government Code) of this bill.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 544.0106, Government Code, as follows:

Sec. 544.0106. New heading: PROCUREMENT OF QUALIFIED EXPERT ON BEHALF OF OFFICE OF INSPECTOR GENERAL. Provides that a qualified expert retained by the Health and Human Services Commission (HHSC) on behalf of the office of inspector general (OIG) is considered an expert witness for purposes of Section 2151.005 (Exemptions Related to Legal Services).

Deletes text of existing Subsection (a) authorizing HHSC, if HHSC does not receive any responsive bids under Chapter 2155 (Purchasing: General Rules and Procedures) on a competitive solicitation for the services of a qualified expert to review investigative findings under Section 544.0104 (Employment of Medical Director or 544.0105 (Employment of Dental Director) and the number of contracts to be awarded under this subsection is not otherwise limited, to negotiate with and award a contract for the services to a qualified expert on the basis of the contractor's agreement to a set fee, either as a range or lump-sum amount and the contractor's affirmation and OIG's verification that the contractor possesses the necessary occupational licenses and experience.

Deletes text of existing Subsection (b) providing that, notwithstanding Sections 2155.083 (Electronic State Business Daily; Notice Regarding procurements Exceeding \$25,000) and 2261.051 (Competitive Contractor Selection Procedures), a contract awarded under Subsection (a) (relating to HHSC negotiations with potential contractors) is not subject to competitive advertising and proposal evaluation requirements.

SECTION 2. Amends Subchapter C, Chapter 544, Government Code, by adding Section 544.0115, as follows:

Sec. 544.0115. PERMITTED DISCLOSURE OF CERTAIN INFORMATION. Authorizes OIG, for purposes of performing the duties of OIG under Subchapter C (Office of Inspector General: General Provisions), to disclose information obtained in the course of conducting OIG's administrative oversight activities to certain entities and authorized persons.

SECTION 3. Amends Section 544.0153(b), Government Code, as follows:

(b) Prohibits OIG, except as required by federal law, to determine a health care professional's eligibility to participate as a Medicaid provider, from conducting a fingerprint-based criminal history record information check of a health care professional who OIG has confirmed under Subsection (a) (relating to coordination between OIG and licensing authorities to share criminal history record information to determine provider eligibility for Medicaid participation) is licensed and in good standing. Makes a nonsubstantive change.

SECTION 4. Amends Section 544.0202(b), Government Code, as follows:

(b) Requires HHSC to aggressively publicize successful fraud prosecutions and fraud-prevention programs through all available means, including the use of statewide press releases and ensure that HHSC or a health and human services agency maintains and promotes an appropriate communications system, rather than a toll-free telephone hotline, for reporting suspected fraud in programs HHSC or a health and human services agency administers.

SECTION 5. Amends Section 544.0504, Government Code, as follows:

Sec. 544.0504. RECOVERY AUDIT CONTRACTORS. (a) Creates this subsection from existing text. Requires HHSC, to the extent required under Section 1902(a)(42), Social Security Act (42 U.S.C. Section 1396a(a)(42)), to establish a program under which HHSC contracts with one or more recovery audit contractors to:

(1) identify Medicaid underpayments and overpayments, including underpayments and overpayments under the Medicaid managed care program; and

(2) recover the overpayments.

Makes nonsubstantive changes to this subsection.

(b) Authorizes an overpayment under Subsection (a)(2) to be recovered from either the provider or the managed care organization.

(c) Prohibits a recovery audit contractor from initiating a review of a claim unless OIG or OIG's designee takes certain actions and at least one year has elapsed since the date the claim was received or initiating a recovery effort on a claim if a managed care organization has not notified OIG that the organization is auditing the claim.

(d) Requires a managed care organization or provider who is the subject of a review under this section, on request by a recovery audit contractor or OIG, to submit to the contractor or OIG all information necessary to perform the review not later than the date specified in the request. Provides that all information and materials obtained under this section are confidential under Section 544.0259(e) (relating to providing that all information subpoenaed by OIG in connection with certain actions are confidential and not subject to certain disclosures).

(e) Requires the executive commissioner of HHSC (executive commissioner) by rule to adopt a process for appeals related to overpayments identified by a recovery audit contractor under this section.

(f) Authorizes HHSC to contract with a third party to administer Subsection (b) or the appeals process adopted under Subsection (e).

(g) Authorizes the executive commissioner, in consultation with OIG, to adopt rules necessary to implement this section.

SECTION 6. Repealer: Section 544.0201 (Selection and Review of Medicaid Claims to Determine Resource Allocation), Government Code.

Repealer: Section 544.0252(a) (relating to the timeline for the office of inspector general to conduct a preliminary investigation of allegations of a provider's fraud or abuse), Government Code.

SECTION 7. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes a delay of implementation until such a waiver or authorization is granted.

SECTION 8. Provides that HHSC is required to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. Authorizes, but does not require HHSC, if the legislature does not appropriate money specifically for that purpose, to implement a provision of this Act using other money available to HHSC for that purpose.

SECTION 9. Effective date: September 1, 2025.