

By: Oliverson

H.B. No. 3984

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the review of claims and recovery of overpayments by  
3 Medicaid recovery audit contractors.

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

5 SECTION 1. Section 544.0504, Government Code, is amended to  
6 read as follows:

7 Sec. 544.0504. RECOVERY AUDIT CONTRACTORS. (a) To the  
8 extent required under Section 1902(a)(42), Social Security Act (42  
9 U.S.C. Section 1396a(a)(42)), the commission shall establish a  
10 program under which the commission contracts with one or more  
11 recovery audit contractors to:

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

15 (2) recover the overpayments.

16 (b) An overpayment under Subsection (a)(2) may be recovered  
17 from either the provider or the managed care organization.

18 (c) A recovery audit contractor may not:

19 (1) initiate a review of a claim unless:

20 (A) the office of inspector general or the  
21 office's designee:

22 (i) determines that the review would be  
23 cost-effective; and

24 (ii) approves the review; and

1           (B) at least one year has elapsed since the date  
2 the claim was received; or

3           (2) initiate a recovery effort on a claim if a managed  
4 care organization has notified the office of inspector general that  
5 the organization is auditing the claim.

6           (d) On request by a recovery audit contractor or the office  
7 of inspector general, a managed care organization or provider who  
8 is the subject of a review conducted under this section shall submit  
9 to the contractor or office all information necessary to perform  
10 the review not later than the date specified in the request. All  
11 information and materials obtained under this section are  
12 confidential under Section 544.0259(e).

13           (e) The executive commissioner by rule shall adopt a process  
14 for appeals related to overpayments identified by a recovery audit  
15 contractor under this section.

16           (f) The commission may contract with a third party to  
17 administer Subsection (b) or the appeals process adopted under  
18 Subsection (e).

19           (g) The executive commissioner, in consultation with the  
20 office of inspector general, may adopt rules necessary to implement  
21 this section.

22           SECTION 2. If before implementing any provision of this Act  
23 a state agency determines that a waiver or authorization from a  
24 federal agency is necessary for implementation of that provision,  
25 the agency affected by the provision shall request the waiver or  
26 authorization and may delay implementing that provision until the  
27 waiver or authorization is granted.

1           SECTION 3. The Health and Human Services Commission is  
2 required to implement the changes in law made by this Act to Section  
3 [544.0504](#), Government Code, only if the legislature appropriates  
4 money specifically for that purpose. If the legislature does not  
5 appropriate money specifically for that purpose, the commission  
6 may, but is not required to, implement those changes in law using  
7 other money available to the commission for that purpose.

8           SECTION 4. This Act takes effect September 1, 2025.