
SUBSTITUTE HOUSE BILL 2571

State of Washington

62nd Legislature

2012 Regular Session

By House Health & Human Services Appropriations & Oversight
(originally sponsored by Representatives Parker, Cody, Dammeier,
Darneille, Alexander, Schmick, Orcutt, Hurst, and Kelley)

READ FIRST TIME 02/06/12.

1 AN ACT Relating to waste, fraud, and abuse prevention, detection,
2 and recovery to improve program integrity for medical services
3 programs; adding a new chapter to Title 74 RCW; and providing an
4 effective date.

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

6 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
7 implement waste, fraud, and abuse detection, prevention, and recovery
8 solutions to improve program integrity for medical services programs in
9 the state and create efficiency and cost savings through a shift from
10 a retrospective "pay and chase" model to a prospective prepayment
11 model.

12 NEW SECTION. **Sec. 2.** The definitions in this section apply
13 throughout this chapter unless the context clearly requires otherwise.

14 (1) "Authority" means the Washington state health care authority.

15 (2) "Enrollee" means an individual who receives benefits through a
16 medical services program.

17 (3) "Medical services programs" means those medical programs

1 established under chapter 74.09 RCW, including medical assistance, the
2 limited casualty program, children's health program, medical care
3 services, and state children's health insurance program.

4 NEW SECTION. **Sec. 3.** (1) Not later than September 1, 2012, the
5 authority shall issue a request for information to seek input from
6 potential contractors on capabilities and cost structures associated
7 with implementing:

8 (a) Advanced predictive modeling and analytics technologies to
9 provide a comprehensive and accurate view across all providers,
10 enrollees, and geographic locations within the medical services
11 programs in order to:

12 (i) Identify and analyze those billing or utilization patterns that
13 represent a high risk of fraudulent activity;

14 (ii) Be integrated into the existing medical services programs
15 claims operations;

16 (iii) Undertake and automate such analysis before payment is made
17 to minimize disruptions to agency operations and speed claim
18 resolution;

19 (iv) Prioritize such identified transactions for additional review
20 before payment is made based on the likelihood of potential waste,
21 fraud, or abuse;

22 (v) Obtain outcome information from adjudicated claims to allow for
23 refinement and enhancement of the predictive analytics technologies
24 based on historical data and algorithms with the system;

25 (vi) Prevent the payment of claims for reimbursement that have been
26 identified as potentially wasteful, fraudulent, or abusive until the
27 claims have been automatically verified as valid; and

28 (b) Fraud investigation services that combine retrospective claims
29 analysis and prospective waste, fraud, or abuse detection techniques.
30 These services must include analysis of historical claims data, medical
31 records, suspect provider databases, and high-risk identification
32 lists, as well as direct enrollee and provider interviews. Emphasis
33 must be placed on providing education to providers and allowing them
34 the opportunity to review and correct any problems identified prior to
35 adjudication.

36 (2) The authority is encouraged to use the results of the request

1 for information to create a formal request for proposals to carry out
2 the work identified in this section if the following conditions are
3 met:

4 (a) The authority expects to generate state savings by preventing
5 fraud, waste, and abuse;

6 (b) This work can be integrated into the authority's current
7 medical services claims operations without creating additional costs to
8 the state;

9 (c) The reviews or audits are not anticipated to delay or
10 improperly deny the payment of legitimate claims to providers.

11 NEW SECTION. **Sec. 4.** It is the intent of the legislature that the
12 savings achieved through this chapter shall more than cover the cost of
13 implementation and administration. Therefore, to the extent possible,
14 technology services used in carrying out this chapter must be secured
15 using the savings generated by the program, whereby the state's only
16 direct cost will be funded through the actual savings achieved.
17 Further, to enable this model, reimbursement to the contractor may be
18 contracted on the basis of a percentage of achieved savings model, a
19 per beneficiary per month model, a per transaction model, a case-rate
20 model, or any blended model of the aforementioned methodologies.
21 Reimbursement models with the contractor may include performance
22 guarantees of the contractor to ensure savings identified exceeds
23 program costs.

24 NEW SECTION. **Sec. 5.** Sections 1 through 4 of this act constitute
25 a new chapter in Title 74 RCW.

26 NEW SECTION. **Sec. 6.** If any provision of this act or its
27 application to any person or circumstance is held invalid, the
28 remainder of the act or the application of the provision to other
29 persons or circumstances is not affected.

30 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2012.

--- END ---