

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1314

65th Legislature
2017 Regular Session

Passed by the House April 17, 2017
Yeas 98 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 11, 2017
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1314** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1314

AS AMENDED BY THE SENATE

Passed Legislature - 2017 Regular Session

State of Washington 65th Legislature 2017 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Caldier, Jinkins, DeBolt, Cody, Rodne, Griffey, Harris, Haler, and Appleton)

READ FIRST TIME 02/17/17.

1 AN ACT Relating to health care authority auditing practices; and
2 adding a new section to chapter 74.09 RCW.

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

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 74.09
5 RCW to read as follows:

6 (1) Audits of the records of health care providers performed
7 under this chapter are subject to the following:

8 (a) The authority must provide at least thirty calendar days'
9 notice before scheduling any on-site audit, unless there is evidence
10 of danger to public health and safety or fraudulent activities;

11 (b) The authority must make a good faith effort to establish a
12 mutually agreed upon time and date for the on-site audit;

13 (c) The authority must allow providers, at their request, to
14 submit records requested as a result of an audit in electronic
15 format, including compact disc, digital versatile disc, or other
16 electronic formats deemed appropriate by the authority, or by
17 facsimile transmission;

18 (d) The authority shall make reasonable efforts to avoid
19 reviewing claims that are currently being audited by the authority,
20 that have already been audited by the authority, or that are
21 currently being audited by another governmental entity;

1 (e) A finding of overpayment to a provider in a program operated
2 or administered by the authority may not be based on extrapolation
3 unless there is a determination of sustained high level of payment
4 error involving the provider or when documented educational
5 intervention has failed to correct the level of payment error. Any
6 finding that is based upon extrapolation, and the related sampling,
7 must be established to be statistically fair and reasonable in order
8 to be valid. The sampling methodology used must be validated by a
9 statistician or person with equivalent experience as having a
10 confidence level of ninety-five percent or greater;

11 (f) The authority must provide a detailed explanation in writing
12 to a provider for any adverse determination that would result in
13 partial or full recoupment of a payment to the provider. The written
14 notification shall, at a minimum, include the following: (i) The
15 reason for the adverse determination; (ii) the specific criteria on
16 which the adverse determination was based; (iii) an explanation of
17 the provider's appeal rights; and (iv) if applicable, the appropriate
18 procedure to submit a claims adjustment in accordance with subsection
19 (3) of this section;

20 (g) The authority may not recoup overpayments until all informal
21 and formal appeals processes have been completed;

22 (h) The authority must offer a provider with an adverse
23 determination the option of repaying the amount owed according to a
24 negotiated repayment plan of up to twelve months;

25 (i) The authority must produce a preliminary report or draft
26 audit findings within one hundred twenty days from the receipt of all
27 requested information as identified in writing by the authority; and

28 (j) In the event that the authority seeks to recoup funds from a
29 provider who is no longer a contractor with the medical assistance
30 program, the authority must provide a description of the claim,
31 including the patient name, date of service, and procedure. A
32 provider is not required to obtain a court order to receive such
33 information.

34 (2) Any contractor that conducts audits of the medical assistance
35 program on behalf of the authority must comply with the requirements
36 in this subsection and must:

37 (a) In any appeal by a health care provider, employ or contract
38 with a medical or dental professional who practices within the same
39 specialty, is board certified, and experienced in the treatment,

1 billing, and coding procedures used by the provider being audited to
2 make findings and determinations;

3 (b) Compile, on an annual basis, metrics specified by the
4 authority. The authority shall publish the metrics on its web site.
5 The metrics must, at a minimum, include:

6 (i) The number and type of claims reviewed;

7 (ii) The number of records requested;

8 (iii) The number of overpayments and underpayments identified by
9 the contractor;

10 (iv) The aggregate dollar amount associated with identified
11 overpayments and underpayments;

12 (v) The duration of audits from initiation until time of
13 completion;

14 (vi) The number of adverse determinations and the overturn rates
15 of those determinations at each stage of the informal and formal
16 appeal process;

17 (vii) The number of informal and formal appeals filed by
18 providers categorized by disposition status;

19 (viii) The contractor's compensation structure and dollar amount
20 of compensation; and

21 (ix) A copy of the authority's contract with the contractor.

22 (3) The authority shall develop and implement a procedure by
23 which an improper payment identified by an audit may be resubmitted
24 as a claims adjustment.

25 (4) The authority shall provide educational and training programs
26 annually for providers. The training topics must include a summary of
27 audit results, a description of common issues, problems and mistakes
28 identified through audits and reviews, and opportunities for
29 improvement.

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