
HOUSE BILL 1712

State of Washington 64th Legislature 2015 Regular Session

By Representatives Harris, Riccelli, Rodne, Van De Wege, and Caldier

Read first time 01/27/15. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to audits and investigations; adding a new
2 section to chapter 74.09 RCW; and providing an effective date.

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) No later than January 1, 2016, the director shall establish
7 and publish on the authority's internet web site audit protocols to
8 assist medicaid providers in developing programs to improve
9 compliance with medicaid requirements under state and federal laws.
10 Audit protocols provided by the authority may not be relied upon to
11 create a substantive or procedural right or benefit enforceable at
12 law or in equity by any person, including a corporation. The director
13 shall establish audit protocols for specific providers or categories
14 of service including, but not limited to: (a) Licensed home health
15 agencies, (b) drug and alcohol treatment centers, (c) durable medical
16 equipment, (d) hospital outpatient services, (e) physician and
17 nursing services, (f) dental services, (g) behavioral health
18 services, (h) pharmaceutical services, and (i) emergency and
19 nonemergency medical transportation services. The director shall
20 ensure that the authority, or any entity with which the authority
21 contracts to conduct an audit pursuant to RCW 74.09.200, has on staff

1 a medical or dental professional who is equally educated, licensed in
2 Washington state, and experienced in the treatment, billing, and
3 coding procedures used by the provider being audited.

4 (2) The authority or any entity with which the authority
5 contracts, for the purpose of conducting an audit of a service
6 provider, shall send written notice of a scheduled on-site audit
7 thirty calendar days in advance for all providers.

8 (3) A finding of overpayment or underpayment to a provider in a
9 program operated or administered by the authority pursuant to RCW
10 74.09.200 may not be based on extrapolation unless (a) there is a
11 determination of sustained or high level of payment error involving
12 the provider, (b) documented educational intervention has failed to
13 correct the level of payment error, or (c) the value of the claims in
14 aggregate exceeds two hundred thousand dollars on an annual basis.

15 (4) Any finding which is based upon extrapolation, and the
16 related sampling, must be established to be statistically fair and
17 reasonable in order to be valid.

18 (5) Any clerical error including, but not limited to,
19 recordkeeping, typographical, scribes, or computer error,
20 discovered in a record or document produced for any such audit, does
21 not itself constitute a willful violation of the rules of a medical
22 assistance program administered by the authority unless proof of
23 intent to commit fraud or otherwise violate program rules is
24 established.

25 (6) After the authority or any entity with which the authority
26 contracts, for the purpose of conducting an audit of a service
27 provider, completes its review of the provider's records, the
28 department shall issue a preliminary draft report within forty-five
29 days.

30 (7) The authority or any entity with which the authority
31 contracts, for the purpose of conducting an audit of a service
32 provider, shall hold an exit conference on the last day of an on-site
33 audit unless outstanding circumstances require the scheduling of the
34 exit conference to be delayed. Such delay may be no longer than
35 ninety days.

36 (8) The authority or any entity with which the authority
37 contracts, for the purpose of conducting an audit of a service
38 provider, shall produce a final written report concerning any audit
39 conducted pursuant to RCW 74.09.200, no later than sixty days after
40 the conclusion of such an audit or after the date of the exit

1 conference, unless the authority, or any entity with which the
2 authority contracts, for the purpose of conducting an audit of a
3 service provider, agrees to a later date or there are other referrals
4 or investigations pending concerning the provider.

5 (9) Any entity with which the authority contracts, for the
6 purpose of conducting an audit of a service provider, shall be paid
7 on a flat fee basis for identifying both overpayments and
8 underpayments for all audits pursuant to RCW 74.09.200.

9 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2016.

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