

**SB 5497** - H COMM AMD  
By Committee on Appropriations

**ADOPTED 04/07/2023**

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature intends to ensure  
4 that the medicaid program is operating under sound fiscal  
5 stewardship. This requires dedicated program integrity efforts  
6 focused on paying the right dollar amount to the right provider for  
7 the right reason. Strengthening program integrity efforts helps to  
8 ensure that every medicaid dollar stretches as far as possible for  
9 those insured through medicaid.

10 (2) The legislature finds that the health care authority is  
11 responsible for overseeing all of Washington's medicaid programs,  
12 including those administered by other state agencies. Effective  
13 oversight by the health care authority will advance the legislature's  
14 objective of ensuring that the right services are delivered to the  
15 right person at the right time with measurable outcomes.

16 **Sec. 2.** RCW 74.04.050 and 2011 1st sp.s. c 15 s 64 are each  
17 amended to read as follows:

18 (1) The department is designated as the single state agency to  
19 administer the following public assistance programs:

20 (a) Temporary assistance (~~(to [for])~~) for needy families;

21 (b) Child welfare services; and

22 (c) Any other programs of public assistance for which provision  
23 for federal grants or funds may from time to time be made, except as  
24 otherwise provided by law.

25 (2) The authority is hereby designated as the single state agency  
26 to administer the medical services programs established under chapter  
27 74.09 RCW, including the state children's health insurance program,  
28 Titles XIX and XXI of the federal social security act of 1935, as  
29 amended. As the state's medicaid agency, the authority is responsible  
30 for providing reasonable oversight of all medicaid program integrity  
31 activities required by federal regulation. The authority shall

1 establish and maintain effective internal control over any state  
2 agency that receives medicaid funding in compliance with federal  
3 regulation.

4 (3) The department and the authority are hereby empowered and  
5 authorized to cooperate in the administration of such federal laws,  
6 consistent with the public assistance laws of this state, as may be  
7 necessary to qualify for federal funds.

8 (4) The state hereby accepts and assents to all the present  
9 provisions of the federal law under which federal grants or funds,  
10 goods, commodities, and services are extended to the state for the  
11 support of programs referenced in this section, and to such  
12 additional legislation as may subsequently be enacted as is not  
13 inconsistent with the purposes of this title, authorizing public  
14 welfare and assistance activities. The provisions of this title shall  
15 be so administered as to conform with federal requirements with  
16 respect to eligibility for the receipt of federal grants or funds.

17 (5) The department and the authority shall periodically make  
18 application for federal grants or funds and submit such plans,  
19 reports and data, as are required by any act of congress as a  
20 condition precedent to the receipt of federal funds for such  
21 assistance. The department and the authority shall make and enforce  
22 such rules and regulations as shall be necessary to insure compliance  
23 with the terms and conditions of such federal grants or funds.

24 NEW SECTION. Sec. 3. A new section is added to chapter 74.09  
25 RCW to read as follows:

26 (1) The authority shall provide administrative oversight for all  
27 funds received under the medical assistance program, as codified in  
28 Title XIX of the federal social security act, the state children's  
29 health insurance program, as codified in Title XXI of the federal  
30 social security act, and any other federal medicaid funding to ensure  
31 that:

32 (a) All funds are spent according to federal and state laws and  
33 regulations;

34 (b) Delivery of services aligns with federal statutes and  
35 regulations;

36 (c) Corrective action plans are put in place if expenditures or  
37 services do not align with federal requirements; and

38 (d) Sound fiscal stewardship of medicaid funding in all agencies  
39 where medicaid funding is provided.

1 (2) The authority shall develop a strategic plan and performance  
2 measures for medicaid program integrity. The strategic plan must  
3 include stated strategic goals, agreed-upon objectives, performance  
4 measures, and a system to monitor progress and hold responsible  
5 parties accountable. In developing the strategic plan, the authority  
6 shall create a management information and reporting strategy with  
7 performance measures and management reports.

8 (3) The authority shall oversee the medicaid program resources of  
9 any state agency expending medicaid funding, including but not  
10 limited to:

11 (a) Regularly reviewing delegated work;

12 (b) Jointly reviewing required reports on terminated or  
13 sanctioned providers, compliance data, and application data;

14 (c) Requiring assurances that operational functions have been  
15 implemented;

16 (d) Reviewing audits performed on the sister state agency; and

17 (e) Assisting with risk assessments, setting goals, and  
18 developing policies and procedures.

19 (4) The authority shall develop and maintain a single, statewide  
20 medicaid fraud and abuse prevention plan consistent with the national  
21 medicaid fraud and abuse initiative or current federal best practice  
22 as recognized by the centers for medicare and medicaid services.

23 (5) The authority must follow best practices for identifying  
24 improper medicaid spending when implementing its program integrity  
25 activities, including but not limited to:

26 (a) Conducting risk assessments or evaluating leads with  
27 established risk factors;

28 (b) Relying on data analytics to generate leads;

29 (c) Conducting a preliminary review of incoming leads, which  
30 includes analyzing data about the lead and may include reviewing  
31 records such as billing histories;

32 (d) Determining the credibility of all allegations of potential  
33 fraud prior to referral to the state's medicaid fraud control unit;

34 (e) Analyzing all leads under review by the state's managed care  
35 organizations;

36 (f) Working with federally recognized experts that help state  
37 integrity programs improve their data analytics and identify  
38 potential fraud across medicare and medicaid such as unified program  
39 integrity contractors; and

40 (g) Maintaining a current fraud and abuse detection system.

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

3        (1) Beginning January 1, 2024, the authority's contracts with  
4    managed care organizations must clearly detail each party's  
5    requirements for maintaining program integrity and the consequences  
6    the managed care organizations face if they do not meet the  
7    requirements. The contract must ensure the penalties are adequate to  
8    ensure compliance.

9        (2) The authority shall follow leading program integrity  
10    practices as recommended by the centers for medicare and medicaid  
11    services, including but not limited to:

12        (a) Monthly reporting and quarterly meetings with managed care  
13    organizations to discuss program integrity issues and findings as  
14    well as trends in fraud and other improper payments;

15        (b) Financial penalties for failure to fulfill program integrity  
16    requirements, including liquidated damages and sanctions;

17        (c) Directly auditing providers and:

18        (i) Recovering overpayments from the providers; or

19        (ii) Assessing liquidated damages against the managed care  
20    organizations;

21        (d) Ensuring recoveries and liquidated damages resulting from  
22    overpayments are properly accounted for and applied to managed care  
23    encounters to ensure accurate future rate setting; and

24        (e) Ensuring all contracts with managed care organizations are  
25    updated as appropriate to reflect program integrity requirements."

26        Correct the title.

EFFECT:    Removes the codification of the Medicaid Expenditure  
Forecast Work Group (Work Group) and the agency responsibilities  
associated with supporting the Work Group and developing Medicaid  
expenditure forecasts.

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