

# HOUSE BILL 792

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By: **Delegates Ready, Afzali, Dwyer, Elliott, Fisher, Frank, Glass, Hershey, Hough, Jacobs, Kipke, Krebs, McComas, Reznik, Stocksdale, and Szeliga**

Introduced and read first time: February 9, 2012

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Health – Medical Assistance Programs – Fraud and Abuse Prevention**

3 FOR the purpose of requiring the Department of Health and Mental Hygiene to  
4 implement certain prepayment systems and services to prevent fraud and abuse  
5 in the payment of claims for the Maryland Medical Assistance Program and the  
6 Maryland Children’s Health Program; requiring the Department to use certain  
7 information to refine and enhance a certain system; requiring the Department,  
8 under certain circumstances, to take certain action and allow certain entities to  
9 access certain information; declaring the intent of the General Assembly;  
10 defining a certain term; and generally relating to fraud and abuse prevention in  
11 medical assistance programs.

12 BY repealing and reenacting, without amendments,  
13 Article – Health – General  
14 Section 15–101(a) and (h)  
15 Annotated Code of Maryland  
16 (2009 Replacement Volume and 2011 Supplement)

17 BY adding to  
18 Article – Health – General  
19 Section 15–1001 through 15–1005 to be under the new subtitle “Subtitle 10.  
20 Fraud and Abuse Prevention”  
21 Annotated Code of Maryland  
22 (2009 Replacement Volume and 2011 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article – Health – General**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 15-101.

2 (a) In this title the following words have the meanings indicated.

3 (h) "Program" means the Maryland Medical Assistance Program.

4 **SUBTITLE 10. FRAUD AND ABUSE PREVENTION.**

5 **15-1001.**

6 **IN THIS SUBTITLE, "MCHP" MEANS THE MARYLAND CHILDREN'S**  
7 **HEALTH PROGRAM ESTABLISHED UNDER SUBTITLE 3 OF THIS TITLE.**

8 **15-1002.**

9 **THE DEPARTMENT SHALL IMPLEMENT A PREPAYMENT PROVIDER**  
10 **VERIFICATION AND SCREENING SYSTEM TO:**

11 **(1) CHECK PROGRAM AND MCHP BILLING AND PROVIDER DATA**  
12 **AGAINST A CONTINUALLY MAINTAINED PROVIDER DATABASE;**

13 **(2) PREVENT A PROGRAM OR MCHP PAYMENT FROM BEING**  
14 **MADE TO A HEALTH CARE PROVIDER:**

15 **(I) WHO IS DECEASED;**

16 **(II) WHOSE LICENSE IS SUSPENDED, REVOKED, OR**  
17 **EXPIRED;**

18 **(III) WHO IS RETIRED; OR**

19 **(IV) WHO IS OTHERWISE INELIGIBLE TO RECEIVE A**  
20 **PROGRAM OR MCHP PAYMENT; AND**

21 **(3) PREVENT A PROGRAM OR MCHP PAYMENT FROM BEING**  
22 **SENT TO AN INCORRECT ADDRESS.**

23 **15-1003.**

24 **(A) THE DEPARTMENT SHALL IMPLEMENT A PREPAYMENT PREDICTIVE**  
25 **MODELING AND ANALYTICS SYSTEM THAT:**

1           **(1) ANALYZES PROGRAM AND MCHP BILLING AND UTILIZATION**  
2 **PATTERNS AND IDENTIFIES PATTERNS THAT EXHIBIT A HIGH RISK OF**  
3 **FRAUDULENT ACTIVITY;**

4           **(2) ANALYZES A PROGRAM OR MCHP CLAIM BASED ON BILLING**  
5 **AND UTILIZATION PATTERNS AND SCORES THE CLAIM BASED ON THE**  
6 **LIKELIHOOD OF POTENTIAL WASTE, FRAUD, OR ABUSE;**

7           **(3) SELECTS A CLAIM THAT RECEIVES A HIGH SCORE UNDER**  
8 **ITEM (2) OF THIS SUBSECTION FOR ADDITIONAL REVIEW BEFORE A PAYMENT IS**  
9 **MADE; AND**

10           **(4) PREVENTS A PROGRAM OR MCHP PAYMENT FROM BEING**  
11 **MADE IF A CLAIM HAS BEEN SELECTED FOR ADDITIONAL REVIEW UNDER ITEM**  
12 **(3) OF THIS SUBSECTION UNTIL THE ADDITIONAL REVIEW OCCURS AND THE**  
13 **CLAIM IS DETERMINED TO BE VALID.**

14           **(B) THE DEPARTMENT SHALL USE INFORMATION FROM ADJUDICATED**  
15 **PROGRAM AND MCHP CLAIMS TO REFINE AND ENHANCE THE PREDICTIVE**  
16 **MODELING AND ANALYTICS SYSTEM IMPLEMENTED UNDER SUBSECTION (A) OF**  
17 **THIS SECTION.**

18 **15-1004.**

19           **(A) THE DEPARTMENT SHALL IMPLEMENT A PREPAYMENT FRAUD**  
20 **INVESTIGATIVE SERVICE THAT COMBINES RETROSPECTIVE CLAIMS ANALYSIS**  
21 **AND PROSPECTIVE WASTE, FRAUD, OR ABUSE DETECTION TECHNIQUES.**

22           **(B) THE SERVICE IMPLEMENTED UNDER SUBSECTION (A) OF THIS**  
23 **SECTION SHALL INCLUDE:**

24           **(1) AN ANALYSIS OF:**

25                   **(i) HISTORICAL PROGRAM AND MCHP CLAIMS DATA;**

26                   **(ii) MEDICAL RECORDS; AND**

27                   **(iii) PROVIDER DATABASES; AND**

28           **(2) DIRECT PATIENT AND PROVIDER INTERVIEWS.**

29           **(C) THE SERVICE IMPLEMENTED UNDER SUBSECTION (A) OF THIS**  
30 **SECTION SHALL:**

1           **(1) PROVIDE EDUCATION TO PROVIDERS; AND**

2           **(2) GIVE PROVIDERS AN OPPORTUNITY TO REVIEW AND CORRECT**  
3 **ANY PROBLEMS IDENTIFIED BY THE DEPARTMENT BEFORE A PROGRAM OR**  
4 **MCHP CLAIM IS ADJUDICATED.**

5 **15-1005.**

6           **IF THE DEPARTMENT CONTRACTS WITH AN ENTITY TO IMPLEMENT THE**  
7 **PROVISIONS OF THIS SUBTITLE, THE DEPARTMENT SHALL:**

8           **(1) ALLOW THE ENTITY TO ACCESS ANY INFORMATION OR DATA**  
9 **REQUIRED BY THE ENTITY TO CARRY OUT THE CONTRACT; AND**

10           **(2) TAKE ANY ACTION NECESSARY TO FACILITATE**  
11 **PUBLIC-PRIVATE DATA SHARING, INCLUDING THE SHARING OF DATA BETWEEN**  
12 **MANAGED CARE ORGANIZATIONS.**

13           **SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the**  
14 **General Assembly that:**

15           **(1) the savings achieved through the implementation of this Act shall**  
16 **cover the costs of implementing this Act; and**

17           **(2) the services used in implementing this Act be secured using a**  
18 **shared savings model in which the State's only direct cost will be a percentage of**  
19 **actual savings achieved.**

20           **SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
21 **October 1, 2012.**