

BILL SUMMARY
1st Session of the 52nd Legislature

Bill No.:	HB 1677
Version:	Introduced (5905)
Author:	Rep. Pat Ownbey
Date:	February 1, 2009
Impact:	Total cost of \$4,355,180 and 54 FTE State share of \$2,177,590

Bill Summary

Research Analyst: Marcia Goff

The measure directs the Oklahoma Health Care Authority to base the calculation of its payment error rate on clearly-defined objective documentation standards that are readily available to providers and requires the authority to provide training on meeting the standards at least once a year. The bill also requires that errors suspected to be fraudulent in nature be reported to the Attorney General and provides that recoupment of overpayments due to non-fraudulent errors are not subject to the extrapolation method and will occur only after the provider has had an opportunity to appeal the recoupment.

Fiscal Summary

Fiscal Analyst: Mark Newman

HB 1677, as introduced, amends Title 56 related to the Oklahoma Health Care Authority (OHCA) establishing of a method to deter abuse and reduce errors in the Medicaid billing, payment, and eligibility. This legislation specifies the time of certain training by OHCA, requiring reporting of certain cases to the Attorney General, and stipulating when extrapolation methods of recoupment may be utilized by OHCA.

Fiscal Analysis

Based on information provided by OHCA, HB 1677, as introduced, could require an additional auditors and expenditures to accomplish the same level of audit control presently achieved using the extrapolation method. OHCA uses both state and federal dollars to make Medicaid payments and has two options when an unacceptable error rate is found for inappropriate payments. Inappropriate payments are not necessarily fraudulent payments. The two methods available to OHCA are as follows:

- 1) Extrapolate (if a statistically sound method was used to select the sample of claims to be reviewed).
- 2) Expand the review. If many problems exist in the sample; the likelihood is extremely high that the same rate of inappropriate payments will also exist throughout the total universe of claims. OHCA would need to spend more time auditing more claims and records.

It is estimated that OHCA would need an additional 54 auditors to accomplish the same level of payment accuracy that is currently achieved when OHCA is allowed to use extrapolation as a

recoupment tool. These additional auditors would have an estimated fiscal impact of \$4,355,180 in total dollars and a state share equal to \$2,177,590.

Long Term Fiscal Considerations

By using extrapolation methods, OHCA was able to recover nearly \$2.5 million in overpayments with limited administrative resources during the past two fiscal years. The state risks missing overpayments, if there is not enough staff to perform the reviews. The state's low payment error rate could be jeopardized.

Fiscal Analysis Reviewed by:

Mark Tygret

House Fiscal Director