

SUBJECT: Automated systems to decrease fraud in assistance programs

COMMITTEE: Public Health — committee substitute recommended

VOTE: 5 ayes — Gray, Capelo, Hilderbran, Maxey, Uresti

0 nays

4 absent — Coleman, Delisi, Glaze, McClendon

WITNESSES: None

BACKGROUND: In 1997, the Legislature enacted SB 30 by Zaffirini to improve the state's efforts to combat fraud and abuse in its Medicaid and welfare programs. The bill created the Office of Investigations and Enforcement (OIE) within the Health and Human Services Commission (HHSC) and transferred staff from other agencies to the OIE. It required OIE to use learning or neural network computer programs to identify potential fraud cases. HHSC contracted with several firms to create the Medicaid Fraud and Abuse Detection System (MFADS), which became operational on December 30, 1997.

SB 30 required the Department of Human Services (DHS) to implement a telephone collections program by January 1, 1998, to collect debts associated with over-paid benefits. These debts are not necessarily associated with fraud. The telephone collections program was initiated on January 1, 1998.

SB 30 was based on recommendations contained in the fourth Texas Performance Review (TPR), *Disturbing the Peace*, issued by the Comptroller's Office in December 1996.

DIGEST: CSHB 875 would require the HHSC to implement automated systems to

- ! track the progress of investigations of suspected fraud, abuse or insufficient quality of care under Medicaid;
- ! monitor the collection of funds resulting from settled cases;
- ! monitor the telephone collection program; and
- ! generate automated reports and letters to assist investigators and collectors.

All state agencies that participate in the Medicaid program would be required

to participate in the implementation and use of these information systems. HHSC and DHS would be required to implement or award the contract for purchase of commercially available software by January 1, 2000.

The bill also would require HHSC and the DHS to establish rules allowing a person who was the subject of a fraud or abuse investigation to review and correct inaccuracies in the information on which the investigation was based.

CSHB 875 would take effect on September 1, 1999.

**SUPPORTERS
SAY:**

The latest TPR, *Challenging the Status Quo* (HHS 14), recommends further enhancements to the HHSC and DHS systems that combat fraud and abuse. CSHB 875 is based on those recommendations. It would require these agencies to implement integrated data systems that would eliminate labor-intensive tasks such as re-entering data, preparing standardized letters, typing forms, and creating reports. This change would help increase collections and improve the efficiency of the investigation and collections processes.

People identified by these systems as potentially committing fraud or abuse ought to have an opportunity to correct inaccurate information used by these systems. Doing so would enable OIE to focus its investigative efforts on actual cases of fraud and abuse.

**OPPONENTS
SAY:**

The bill would allow persons who are the subject of a fraud investigation to review and correct information. This would allow persons under investigation to be placed in the role of judging whether information about themselves is accurate and even of deciding whether to change a state document rather than having such a determination be made independently.

NOTES:

The committee substitute added two sections requiring the HHSC and DHS to establish procedures to allow people targeted by investigations to correct inaccurate information on which the investigations are based. Rep. Maxey plans to offer a floor amendment to delete these provisions.