

# STATE OF NEW YORK

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2428

2017-2018 Regular Sessions

## IN ASSEMBLY

January 20, 2017

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Introduced by M. of A. SEPULVEDA, MONTESANO, STECK -- Multi-Sponsored by  
-- M. of A. MAGEE, PERRY, RIVERA -- read once and referred to the  
Committee on Correction

AN ACT to amend the correction law and the social services law, in  
relation to the development and implementation of automated payment  
detection, prevention and recovery solutions to reduce correctional  
healthcare overpayments, and to require that private health insurance  
providers and Medicaid are billed for eligible inpatient hospital and  
professional services

The People of the State of New York, represented in Senate and Assem-  
bly, do enact as follows:

1 Section 1. Legislative intent. Other states have saved millions of  
2 dollars by implementing solutions to eliminate and recover correctional  
3 healthcare overpayments and significantly have reduced correctional  
4 healthcare costs by billing private health insurance providers and Medi-  
5 caid for eligible inpatient healthcare costs. New York can benefit by  
6 implementing similar measures. It is the intent of the legislature to  
7 implement automated payment detection, prevention and recovery solutions  
8 to reduce correctional healthcare overpayments, and to ensure that  
9 private insurance companies and Medicaid are billed for eligible inpa-  
10 tient hospital and professional services.

11 § 2. The correction law is amended by adding a new section 140-a to  
12 read as follows:

13 § 140-a. Healthcare payments; billing private health insurance and  
14 Medicaid. 1. Unless otherwise stated, the provisions of this section  
15 apply to all state correctional healthcare systems and services and  
16 state contracted managed correctional healthcare services.

17 2. The department shall implement automated payment detection,  
18 prevention, and recovery procedures to ensure that private health insur-  
19 ance or Medicaid is billed for eligible inpatient hospital and profes-  
20 sional healthcare services. These procedures must include, but are not

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

LBD07467-01-7

1 limited to, clinical code editing technology to further automate claims  
2 resolution and enhance cost containment through improved claim accuracy  
3 and appropriate code correction. Edits performed by this technology must  
4 be applied automatically before the adjudication of claims, and this  
5 technology must identify and prevent errors and potential overbilling  
6 based on widely accepted protocols, such as those used by the American  
7 Medical Association and the Centers for Medicare and Medicaid Services.

8 3. The department shall implement correctional healthcare claims audit  
9 and recovery procedures to identify improper payments made due to non-  
10 fraudulent issues. Procedures that must be implemented include, but are  
11 not limited to, obtaining provider sign-off on audit results and  
12 conducting post payment reviews to ensure that the diagnoses and proce-  
13 dure codes are accurate and valid based on supporting physician documen-  
14 tation within the medical records. Core categories of reviews may  
15 include, but are not limited to, Coding Compliance Diagnosis Related  
16 Group (DRG) Reviews, transfers, readmissions, cost outlier reviews,  
17 outpatient seventy-two-hour rule reviews, payment errors, and billing.

18 4. The department may contract to have services performed to carry out  
19 the requirements of this section, and the savings generated by the  
20 performance of these services must be used for the operation and admin-  
21 istration of this section, including securing the technology services  
22 required by this section. To further achieve these savings, contractor  
23 reimbursement may be based upon a percentage of an achieved savings  
24 model, a per beneficiary per month model, a per transaction model, a  
25 case-rate model, or any combination of these models. Contractor  
26 reimbursement models also may include performance guarantees of the  
27 contractor to ensure savings identified exceed program costs.

28 § 3. The social services law is amended by adding a new section 368-g  
29 to read as follows:

30 § 368-g. Reimbursement of costs for correctional healthcare. After  
31 the amount of federal funds, if any, have been deducted from the cost of  
32 correctional healthcare, the remaining amount shall be paid wholly by  
33 the state.

34 § 4. This act shall take effect on the first of January next succeed-  
35 ing the date on which it shall have become a law.