

Hall of the House of Representatives
90th General Assembly - Regular Session, 2015
Amendment Form

JBC 03/19/15 (1)

Subtitle of House Bill No. 1125

AN ACT FOR THE DEPARTMENT OF FINANCE AND ADMINISTRATION - MANAGEMENT SERVICES
DIVISION APPROPRIATION FOR THE 2015-2016 FISCAL YEAR.

Amendment No. 3 to House Bill No. 1125

Amend House Bill No. 1125 as engrossed, H3/18/15 (version: 03/18/2015 12:34:57 PM)

Insert an additional SECTION immediately following SECTION 19 to read as follows:

" SECTION 20. SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. ENTERPRISE FRAUD PILOT PROJECT.

(a) So that savings to Arkansas businesses and taxpayers and recoveries may be realized as soon as possible, at the direction of the Governor, the Office of Accounting in the Department of Finance and Administration shall initiate the Enterprise Fraud Pilot Project focused on fraud, waste, abuse, and improper payments, and employer compliance within the Department of Workforce Services' Unemployment Insurance program, the Temporary Assistance for Needy Families program, and the Department of Human Services' Supplemental Nutrition Assistance Program that will implement state-of-the-art enterprise fraud detection technology that can further support detection and prevention across state agencies, programs and functions.

(b) Unless precluded under federal law or regulation or under state law, the Department of Workforce Services' Unemployment Insurance program, the Temporary Assistance for Needy Families program, and the Department of Human Services' Supplemental Nutrition Assistance program may support and participate in the efforts of the Department to develop the Enterprise Fraud Pilot Project.

(c) Unless precluded under federal law or regulation or state law, each state agency shall share any and all data under its control or administration that might have value in detecting or preventing fraud and abuse.

(d) Upon initiation by the Governor, the request for a bid shall be sent to the Health Reform Legislative Task Force for review, and their recommendation shall be submitted to the Arkansas Legislative Council or Joint Budget Committee.

(e) At the direction of the Governor, the department shall enter into a vendor license agreement for the operation of a vendor hosted fraud, waste, abuse and improper payments detection and prevention system. Vendor



technology for the project shall include without limitation the following capabilities:

- (1) Automated detection and alerting;
 - (2) Continuous monitoring of program transactions and activity, with the ability to identify, fraud, non-compliance and improper payments both prospectively and retrospectively;
 - (3) The ability to detect non-traditional fraud such as program eligibility issues and identify theft;
 - (4) Use of state-of-the-art analytical techniques, including without limitation:
 - (A) Predictive modeling;
 - (B) Complex pattern analysis;
 - (C) Link analysis;
 - (D) Text mining; and
 - (E) Geospatial analysis;
 - (5) Feedback and self-learning capability to adapt to changing schemes and trends;
 - (6) Advanced entity resolution capabilities to create a holistic view of entities across state agencies, programs and databases; and
 - (7) The ability to extend and adapt to all areas of state government; and
 - (8) Demonstrate experience hosting sensitive and regulated state data.
- (f) The office shall enter into a vendor license agreement for the project in an amount not to exceed the potential cost savings as estimated by the office in cooperation with impacted state agencies under the project.
- (1) Payments shall be structured to coincide with expected savings.
- (g) Unless extended, the project shall expire 24 months after implementation;
- (h) After implementation, the Office of Accounting in the Department of Finance and Administration shall provide annual reports to the co-chairs of the Joint Performance Review Committee and the House and Senate Committees on State Agencies and the Health Reform Legislative Task Force;
- (i) A report under this section shall include without limitation:
- (1) Comprehensive data regarding the establishment and operations of the Enterprise Fraud Pilot Project; and
 - (2) The resources and processes of each participating state agency to investigate the leads provided by the vendor; and
 - (3) Incidents, types and amounts of fraud identified by state agency; and
 - (4) The amount actually recovered as a result of fraud identifications by state agency; and
 - (5) Expected cost avoidance through benefits not issued or denied, pre-payment intervention, and future behavior change through intervention; and
 - (6) Procedural changes resulting from fraud identification and the timeline for implementation each by state agency."

AND

Appropriately renumber the subsequent SECTION numbers of the bill.

The Amendment was read _____
By: Joint Budget Committee
By: Senator J. Hendren
ALB/ALB - 03-19-2015 11:13:23
ALB129

Chief Clerk