

1 State of Arkansas As Engrossed: H2/27/25 H3/18/25

2 95th General Assembly

A Bill

3 Regular Session, 2025

HOUSE BILL 1314

4

5 By: Representative L. Johnson

6 By: Senator Irvin

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8

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING CERTAIN AUDITS OF
10 HEALTHCARE PROVIDERS; TO CREATE THE ARKANSAS MEDICAL
11 AUDIT BILL OF RIGHTS ACT; AND FOR OTHER PURPOSES.

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Subtitle

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TO AMEND THE LAW CONCERNING CERTAIN
16 AUDITS OF HEALTHCARE PROVIDERS; AND TO
17 CREATE THE ARKANSAS MEDICAL AUDIT BILL
18 OF RIGHTS ACT.

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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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22 SECTION 1. Arkansas Code Title 23, Chapter 99, is amended to add an
23 additional subchapter to read as follows:

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25 Subchapter 19 – Arkansas Medical Audit Bill of Rights Act

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27 23-99-1901. Title.

28 This subchapter shall be known and may be cited as the "Arkansas
29 Medical Audit Bill of Rights Act".

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31 23-99-1902. Definitions.

32 As used in this subchapter:

33 (1) "Audit" means an investigation or review of a claim
34 submitted by a healthcare provider if the investigation or review:

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(A) Is conducted by an auditor; and

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(B) Involves records, documents, or information other than



1 the filed claim;

2 (2) "Auditor" means:

3 (A) An insurance company;

4 (B) A third-party payor; or

5 (C) An entity that represents a responsible party,

6 including a company or group that administers claims services;

7 (3)(A) "Clerical or recordkeeping error" means a mistake in the
8 filed claim regarding a required document or record.

9 (B) "Clerical or recordkeeping error" includes without
10 limitation:

11 (i) A typographical error;

12 (ii) A scrivener's error; or

13 (iii) A computer error; and

14 (4)(A) "Healthcare provider" means a person who is licensed,
15 certified, or otherwise authorized by the laws of this state to administer
16 healthcare services.

17 (B) "Healthcare provider" does not include a pharmacy that
18 is subject to § 17-92-1201.

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20 23-99-1903. Arkansas Medical Audit Bill of Rights.

21 (a) Notwithstanding any other law, when an audit is conducted by an
22 auditor, the audit shall be conducted according to the following bill of
23 rights:

24 (1) An auditor conducting the initial audit shall give the
25 healthcare provider notice of the audit at least one (1) week before
26 conducting the initial audit for each audit cycle;

27 (2) An audit that involves the application of clinical or
28 professional judgment shall be conducted by or in consultation with a
29 healthcare provider of the same specialty as the healthcare provider being
30 audited;

31 (3)(A) A clerical or recordkeeping error shall not:

32 (i) Constitute fraud; or

33 (ii) Be subject to criminal penalties without proof
34 of intent to commit fraud.

35 (B) A claim arising under subdivision (a)(3)(A) of this
36 section may be subject to recoupment;

1 (4)(A) A finding of an overpayment or underpayment of a filed
2 claim may be a projection based on the number of patients served by the
3 healthcare provider having a similar diagnosis.

4 (B) Recoupment of claims under subdivision (a)(4)(A) of
5 this section shall be based on the actual overpayment unless the projection
6 for overpayment or underpayment is part of a settlement by the healthcare
7 provider;

8 (5)(A) When an audit is for a specifically identified problem
9 that has been disclosed to the healthcare provider, the audit shall be
10 limited to a claim that is identified by a claim number.

11 (B) For an audit other than that described in subdivision
12 (b)(5)(A) of this section, the audit shall be limited to the greater of:

13 (i) Fifty (50) claims; or

14 (ii) Twenty-five one-hundredths of one percent
15 (0.25%) of the number of claims billed by the healthcare provider to the
16 auditor in the previous calendar year.

17 (C) If an audit reveals the necessity for a review of
18 additional claims, the audit shall be conducted by one (1) of the following
19 methods at the discretion of the healthcare provider:

20 (i) On-site;

21 (ii) Electronically; or

22 (iii) By the same method as the initial audit.

23 (D) Except for an audit initiated under subdivision
24 (b)(5)(A) of this section, an auditor shall not initiate an audit of a
25 healthcare provider more than two (2) times in a calendar year;

26 (6) A recoupment shall not be based on:

27 (A) Documentation requirements in addition to the
28 requirements for creating or maintaining documentation prescribed by state
29 law or rule or federal law or regulation; or

30 (B) A requirement that a healthcare provider perform
31 professional duties prescribed by state law or rule or federal law or
32 regulation;

33 (7)(A) Recoupment shall only occur following the correction of a claim and
34 shall be limited to amounts paid in excess of amounts payable under the
35 corrected claim.

36 (B) An auditor may recoup the entire overpaid claim if

1 payment is issued for the corrected claim on the same date.

2 (C) Following a notice of overpayment, a healthcare
3 provider shall have at least sixty (60) days to file a corrected claim;

4 (8) Approval of a healthcare service, healthcare provider, or
5 patient eligibility upon adjudication of a claim shall not be reversed unless
6 the healthcare provider obtained the adjudication by fraud or
7 misrepresentation of claim elements;

8 (9) Each healthcare provider shall be audited under the same
9 standards and parameters as other similarly situated healthcare providers
10 audited by the auditor;

11 (10) A healthcare provider shall be allowed at least sixty (60)
12 days following receipt of the preliminary audit report in which to produce
13 documentation to address any discrepancy found during the audit;

14 (11) The period covered by an audit shall not exceed twenty-four
15 (24) months from the date the claim was submitted to or adjudicated by an
16 auditor;

17 (12)(A) The preliminary audit report under subdivision (a)(10)
18 of this section shall be delivered to a healthcare provider within one
19 hundred twenty (120) days after the conclusion of the audit.

20 (B) A final audit report shall be delivered to the
21 healthcare provider within six (6) months after receipt of the preliminary
22 audit report or receipt of the final appeal as provided for in this
23 subsection, whichever is later; and

24 (13) Notwithstanding any other provision in this section, the
25 auditor conducting the audit shall not use the accounting practice of
26 extrapolation in calculating recoupments or penalties for audits.

27 (b) A recoupment of any disputed funds shall only occur after final
28 internal disposition of the audit, including the appeals process as described
29 in subsection (c) of this section.

30 (c)(1) An auditor that conducts an audit shall:

31 (A) Establish an appeals process under which a healthcare
32 provider may appeal an unfavorable preliminary audit report to the auditor;
33 and

34 (B) Provide a copy of the final audit report to the health
35 benefit plan sponsor after the completion of any review process.

36 (2) If following the appeal under subdivision (c)(1)(A) of this

1 section the auditor finds that an unfavorable audit report or any portion of
2 the unfavorable audit report is unsubstantiated, the auditor shall dismiss
3 the audit report or the unsubstantiated portion of the audit report without
4 any further proceedings.

5 (d) The total amount of any recoupment on an audit shall be refunded
6 to the party responsible for payment of the claim.

7 (e) This section does not apply to:

8 (1) Any audit on behalf of the Arkansas Medicaid Program
9 conducted by the Department of Human Services or its designee; or

10 (2) Any audit, review, or investigation that involves alleged
11 fraud, willful misrepresentation, or abuse, including without limitation:

12 (A) Fraud involving the Arkansas Medicaid Program as described
13 in § 5-55-111;

14 (B) Abuse as defined in § 20-77-1702;

15 (C) Fraud as defined in § 20-77-1702; or

16 (D) Insurance fraud.

17 (f) The Insurance Commissioner shall promulgate rules to implement,
18 administer, and enforce this subchapter.

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20 /s/L. Johnson

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23 **APPROVED: 4/10/25**
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