

ARKANSAS SENATE
89th General Assembly - Fiscal Session, 2014
Amendment Form

JBC 03/04/2014 (1) (2)

Subtitle of Senate Bill No. 99

AN ACT FOR THE OFFICE OF MEDICAID INSPECTOR GENERAL APPROPRIATION FOR THE 2014-2015
FISCAL YEAR.

Amendment No. 1 to Senate Bill No. 99

Amend Senate Bill No. 99 as originally introduced:

Page 1, line 32, delete "1" and substitute "2"

AND

Page 2, line 13, delete "35" and substitute "36"

AND

Insert the additional SECTIONS immediately following SECTION 3 of the bill to read as follows:

" SECTION 4. APPROPRIATION - ENTERPRISE FRAUD PROGRAM. There is hereby appropriated, to the Office of Medicaid Inspector General, to be payable from the paying account as determined by the Chief Fiscal Officer of the State, for personal services and operating expenses of the Enterprise Fraud Program of the Office of Medicaid Inspector General for the fiscal year ending June 30, 2015, the following:

ITEM NO.	FISCAL YEAR 2014-2015
(01) ENTERPRISE FRAUD PROGRAM PERSONAL SERVICES AND OPERATING EXPENSES	\$ <u>4,000,000</u>

SECTION 5. SPECIAL LANGUAGE – CODE AMENDMENT. Arkansas Code Title 20, Chapter 77, Subchapter 25 is amended to add an additional section to read as follows:

20-77-2513. Enterprise Fraud Program.

(a) To realize savings to the Arkansas Medicaid Program and taxpayers as soon as possible, within ninety (90) days after the effective date of this act, the Office of Medicaid Inspector General shall establish a program known as the "Enterprise Fraud Program" that is focused on fraud, waste, abuse, and improper payments within the Arkansas Medicaid Program that utilizes state-of-the-art enterprise fraud detection technology to further support the



detection and prevention within the Arkansas Medicaid Program.

(b)(1) The office shall procure through a competitive bid an enterprise technology solution to detect and prevent fraud, waste, abuse, and improper payments.

(2) The enterprise technology solution shall use current industry standards to provide:

(A) Automated detection and alerting;

(B) Continuous monitoring of program transactions;

(C) Identification of fraud, noncompliance, and improper payments both prospectively and retrospectively;

(D) Detection of nontransactional fraud such as program eligibility issues and identity theft;

(E) Use of state-of-the-art analytical techniques, including without limitation:

(i) Predictive modeling;

(ii) Complex pattern analysis;

(iii) Link analysis;

(iv) Text mining; and

(v) Geospatial analysis;

(F) Feedback and self-learning capability that allow the technology to adapt to changing schemes and trends; and

(G) Demonstrated experience hosting sensitive and regulated state data.

(3) The payment for the enterprise technology solution shall be structured to provide the most economical cost to the state.

(4) The office shall begin the design phase of the procurement process upon establishment of the Enterprise Fraud Program.

(5)(A)(i) The Department of Human Services shall seek implementation funding from the Centers for Medicare and Medicaid Services as soon as possible.

(ii) If at least eighty percent (80%) of the funding required for the appropriation provided by this section is not received through federal matching funds from the Centers for Medicare and Medicaid Services, the Enterprise Fraud Program shall not be implemented.

(B) If the department applies for and receives any state, federal, or private funds to assist with the implementation and operation of the Enterprise Fraud Program, the department shall enter into a memorandum of understanding with other state agencies to share the cost of implementation as needed.

(c)(1) Beginning October 1, 2014, the office shall provide quarterly reports, or more frequent reports if requested by and of the following recipients, to:

(A) The cochairs of the Joint Performance Review Committee;

(B) The Chair of the House Committee on State Agencies and Governmental Affairs;

(C) The Chair of the Senate Committee on State Agencies and Governmental Affairs;

(D) The Chair of the House Committee on Public Health, Welfare, and Labor; and

(E) The Chair of Senate Committee on Public Health, Welfare, and Labor.

(2) The report shall include without limitation:

(A) Beginning October 1, 2014:

(i) Comprehensive data regarding the establishment and operations of the Enterprise Fraud Program, including without limitation the progress of procuring the enterprise technology solution; and

(ii) The resources and processes of each participating state agency to investigate the leads provided by the enterprise technology solution; and

(B) Beginning July 1, 2015:

(i) Incidents, types, and amounts of fraud identified;

(ii) The amount actually recovered as a result of fraud identifications;

(iii) Expected cost avoidance through benefits not issued or denied, prepayment intervention, and future behavior change through intervention; and

(iv) Proposed procedural changes resulting from fraud identification and the timeline for implementing the procedural changes."

AND

Appropriately renumber the SECTION numbers of the bill.

The Amendment was read the first time, rules suspended and read the second time and _____

By: Joint Budget Committee

By: Senator D. Sanders

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Secretary