

1 State of Arkansas
2 89th General Assembly
3 Fiscal Session, 2014
4

As Engrossed: S3/5/14

A Bill

SENATE BILL 99

5 By: Joint Budget Committee
6

For An Act To Be Entitled

8 AN ACT TO MAKE AN APPROPRIATION FOR PERSONAL SERVICES
9 AND OPERATING EXPENSES FOR THE OFFICE OF MEDICAID
10 INSPECTOR GENERAL FOR THE FISCAL YEAR ENDING JUNE 30,
11 2015; AND FOR OTHER PURPOSES.
12
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Subtitle

14 AN ACT FOR THE OFFICE OF MEDICAID
15 INSPECTOR GENERAL APPROPRIATION FOR THE
16 2014-2015 FISCAL YEAR.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. REGULAR SALARIES - OPERATIONS. There is hereby established
23 for the Office of Medicaid Inspector General for the 2014-2015 fiscal year,
24 the following maximum number of regular employees.
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Item No.	Class Code	Title	Maximum No. of Employees	Maximum Annual Salary Rate Fiscal Year 2014-2015
30	(1) U124U	MEDICAID INSPECTOR GENERAL	1	\$150,000
31	(2) U125U	INSPECTOR GENERAL CHIEF COUNSEL	1	\$120,000
32	(3) A016C	DHS DMS BUSINESS OPERATIONS MANAGER	2	GRADE C127
33	(4) L010C	DHS DMS MEDICAL ASSISTANCE MANAGER	1	GRADE C125
34	(5) X200C	MEDICAID FRAUD INVESTIGATOR	2	GRADE C125
35	(6) L009C	NURSE MANAGER	1	GRADE C125
36	(7) G099C	DHS PROGRAM ADMINISTRATOR	2	GRADE C122



1	(8)	L027C REGISTERED NURSE SUPERVISOR	3	GRADE C122
2	(9)	M009C LICENSED CERTIFIED SOCIAL WORKER	1	GRADE C121
3	(10)	L038C REGISTERED NURSE	3	GRADE C120
4	(11)	G152C DHS PROGRAM MANAGER	1	GRADE C119
5	(12)	A060C SENIOR AUDITOR	4	GRADE C119
6	(13)	A081C AUDITOR	2	GRADE C117
7	(14)	G183C DHS PROGRAM COORDINATOR	1	GRADE C117
8	(15)	C013C MEDICAL SERVICES REPRESENTATIVE	4	GRADE C117
9	(16)	A084C PROGRAM/FIELD AUDIT SPECIALIST	3	GRADE C116
10	(17)	G210C DHS PROGRAM SPECIALIST	1	GRADE C115
11	(18)	L070C HEALTH CARE ANALYST	1	GRADE C113
12	(19)	C073C ADMINISTRATIVE SPECIALIST II	<u>2</u>	GRADE C109
13		MAX. NO. OF EMPLOYEES	<u>36</u>	

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15 SECTION 2. EXTRA HELP - OPERATIONS. There is hereby authorized, for
 16 the Office of Medicaid Inspector General for the 2014-2015 fiscal year, the
 17 following maximum number of part-time or temporary employees, to be known as
 18 "Extra Help", payable from funds appropriated herein for such purposes: two
 19 (2) temporary or part-time employees, when needed, at rates of pay not to
 20 exceed those provided in the Uniform Classification and Compensation Act, or
 21 its successor, or this act for the appropriate classification.

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23 SECTION 3. APPROPRIATION - OPERATIONS. There is hereby appropriated,
 24 to the Office of Medicaid Inspector General, to be payable from the paying
 25 account as determined by the Chief Fiscal Officer of the State, for personal
 26 services and operating expenses of the Office of Medicaid Inspector General
 27 for the fiscal year ending June 30, 2015, the following:

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29	ITEM	FISCAL YEAR
30	<u>NO.</u>	<u>2014-2015</u>
31	(01) REGULAR SALARIES	\$1,713,126
32	(02) EXTRA HELP	151,234
33	(03) PERSONAL SERV MATCHING	586,380
34	(04) MAINT. & GEN. OPERATION	
35	(A) OPER. EXPENSE	200,202
36	(B) CONF. & TRAVEL	12,612

1	(C) PROF. FEES	5,612
2	(D) CAP. OUTLAY	55,612
3	(E) DATA PROC.	<u>0</u>
4	TOTAL AMOUNT APPROPRIATED	<u><u>\$2,724,778</u></u>

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 6 SECTION 4. APPROPRIATION - ENTERPRISE FRAUD PROGRAM. There is hereby
 7 appropriated, to the Office of Medicaid Inspector General, to be payable from
 8 the paying account as determined by the Chief Fiscal Officer of the State,
 9 for personal services and operating expenses of the Enterprise Fraud Program
 10 of the Office of Medicaid Inspector General for the fiscal year ending June
 11 30, 2015, the following:

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13	ITEM	FISCAL YEAR
14	<u>NO.</u>	<u>2014-2015</u>
15	(01) ENTERPRISE FRAUD PROGRAM PERSONAL SERVICES	
16	AND OPERATING EXPENSES	<u>\$ 4,000,000</u>
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18 SECTION 5. SPECIAL LANGUAGE – CODE AMENDMENT. Arkansas Code Title 20,
 19 Chapter 77, Subchapter 25 is amended to add an additional section to read as
 20 follows:

21 20-77-2513. Enterprise Fraud Program.
 22 (a) To realize savings to the Arkansas Medicaid Program and taxpayers
 23 as soon as possible, within ninety (90) days after the effective date of this
 24 act, the Office of Medicaid Inspector General shall establish a program known
 25 as the “Enterprise Fraud Program” that is focused on fraud, waste, abuse, and
 26 improper payments within the Arkansas Medicaid Program that utilizes state-
 27 of-the-art enterprise fraud detection technology to further support the
 28 detection and prevention within the Arkansas Medicaid Program.

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

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

- 34 (A) Automated detection and alerting;
- 35 (B) Continuous monitoring of program transactions;
- 36 (C) Identification of fraud, noncompliance, and improper

1 payments both prospectively and retrospectively;

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

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

6 (i) Predictive modeling;

7 (ii) Complex pattern analysis;

8 (iii) Link analysis;

9 (iv) Text mining; and

10 (v) Geospatial analysis;

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

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

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

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

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

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

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

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

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

36 (B) The Chair of the House Committee on State Agencies and

1 Governmental Affairs;

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

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

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

8 (2) The report shall include without limitation:

9 (A) Beginning October 1, 2014:

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

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

16 (B) Beginning July 1, 2015:

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

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

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

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

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28 SECTION 6. COMPLIANCE WITH OTHER LAWS. Disbursement of funds
29 authorized by this act shall be limited to the appropriation for such agency
30 and funds made available by law for the support of such appropriations; and
31 the restrictions of the State Procurement Law, the General Accounting and
32 Budgetary Procedures Law, the Revenue Stabilization Law, the Regular Salary
33 Procedures and Restrictions Act, or their successors, and other fiscal
34 control laws of this State, where applicable, and regulations promulgated by
35 the Department of Finance and Administration, as authorized by law, shall be
36 strictly complied with in disbursement of said funds.

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2 SECTION 7. LEGISLATIVE INTENT. It is the intent of the General
3 Assembly that any funds disbursed under the authority of the appropriations
4 contained in this act shall be in compliance with the stated reasons for
5 which this act was adopted, as evidenced by the Agency Requests, Executive
6 Recommendations and Legislative Recommendations contained in the budget
7 manuals prepared by the Department of Finance and Administration, letters, or
8 summarized oral testimony in the official minutes of the Arkansas Legislative
9 Council or Joint Budget Committee which relate to its passage and adoption.

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11 SECTION 8. EMERGENCY CLAUSE. It is found and determined by the General
12 Assembly, that the Constitution of the State of Arkansas prohibits the
13 appropriation of funds for more than a one (1) year period; that the
14 effectiveness of this Act on July 1, 2014 is essential to the operation of
15 the agency for which the appropriations in this Act are provided, and that in
16 the event of an extension of the legislative session, the delay in the
17 effective date of this Act beyond July 1, 2014 could work irreparable harm
18 upon the proper administration and provision of essential governmental
19 programs. Therefore, an emergency is hereby declared to exist and this Act
20 being necessary for the immediate preservation of the public peace, health
21 and safety shall be in full force and effect from and after July 1, 2014.

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23 */s/ Joint Budget Committee*
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