

# House Bill 3106

Sponsored by Representative WHISNANT

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Department of Corrections to contract for or establish automated systems to reduce improper payments for medical services provided to inmates. Requires Oregon Health Authority to activate medical assistance coverage for inmates receiving medical services outside of correctional facility.

## A BILL FOR AN ACT

1  
2 Relating to costs of inmate health care; creating new provisions; and amending ORS 414.440.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. (1) The Department of Corrections shall use automated payment detection,**  
5 **prevention and recovery systems to reduce improper payments for medical services provided**  
6 **to inmates of correctional facilities and to ensure federal financial participation in the cost**  
7 **of medical services that qualify for Medicaid reimbursement.**

8 (2) The department shall use state-of-the-art clinical code editing technology systems to  
9 automate claims resolution and enhance cost containment through improved claim accuracy  
10 and appropriate code correction. The editing technology must identify and prevent errors or  
11 potential improper billing based on widely accepted and transparent protocols such as the  
12 protocols developed by the American Medical Association or the Centers for Medicare and  
13 Medicaid Services. The editing technology shall be applied automatically before claims are  
14 adjudicated to speed processing and minimize the number of pended or rejected claims and  
15 to help ensure a smooth, consistent and transparent adjudication process without delays in  
16 provider reimbursement.

17 (3) The department shall use claims audit and recovery systems to identify improper  
18 payments for medical services provided to inmates caused by audit claims and bases other  
19 than fraud, to obtain provider sign-off on the audit results and to recover validated over-  
20 payments. The department's reviews of payments must ensure that the diagnoses and pro-  
21 cedure codes are accurate and valid based on the supporting physician documentation within  
22 the medical records.

23 (4) The department shall use automated payment detection, prevention and recovery  
24 systems to ensure that qualified medical costs are reimbursed by Medicaid.

25 (5) The Legislative Assembly intends that the savings achieved through subsections (1)  
26 to (4) of this section exceed the costs of implementation. Therefore, to the extent possible,  
27 technology services used in carrying out subsections (1) to (4) of this section shall be secured  
28 through the savings generated by the program so that the state's only direct cost will be a  
29 percentage of actual savings achieved.

30 (6) The department may contract for any or all of the systems required by this section.

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **The department may reimburse any contractor operating the systems required under this**  
2 **section on the basis of a percentage of achieved savings, a per beneficiary per month model,**  
3 **a per transaction model, a case-rate model or any combination of such bases. The depart-**  
4 **ment may also reimburse a contractor using incentives based on achieved savings.**

5 **SECTION 2.** ORS 414.440 is amended to read:

6 414.440. (1) The Department of Human Services or the Oregon Health Authority shall suspend,  
7 instead of terminate, the medical assistance of a person who becomes an inmate of a local  
8 correctional facility, as defined in ORS 169.005, and who is expected to remain in the local  
9 correctional facility for no more than 12 months.

10 (2) Upon notification that a person described in subsection (1) of this section is **receiving care**  
11 **outside of a local correctional facility or is** no longer an inmate residing in a local correctional  
12 facility, the department or the authority shall reinstate the person's medical assistance if the person  
13 is eligible for medical assistance.

14 (3) This section does not extend eligibility to an otherwise ineligible person or extend medical  
15 assistance to a person if matching federal funds are not available to pay for the medical assistance.  
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