

ASSEMBLY BILL NO. 221—ASSEMBLYMEN DONDERO LOOP,  
KIRKPATRICK AND EISEN

MARCH 8, 2013

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Referred to Committee on Health and Human Services

**SUMMARY**—Requires the Director of the Department of Health and Human Services to consider measures to revise the manner in which payments are reviewed and made to providers under Medicaid and the Children’s Health Insurance Program. (BDR S-232)

**FISCAL NOTE:** Effect on Local Government: No.  
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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**AN ACT** relating to public welfare; requiring the Director of the Department of Health and Human Services to issue a request for information to determine the availability, cost and appropriateness of certain measures to revise the manner in which payments are reviewed and made to providers under Medicaid and the Children’s Health Insurance Program; requiring the Director to submit a report of the responses to the Legislative Committee on Health Care; and providing other matters properly related thereto.

**Legislative Counsel’s Digest:**

1 Under existing law, Medicaid and the Children’s Health Insurance Program are  
2 administered by the Department of Health and Human Services. (NRS 422.270)  
3 This bill requires the Director of the Department to issue a request for  
4 information to determine the availability and cost of technology, data verification  
5 and resources to assist the Department in reducing waste, fraud and abuse under  
6 Medicaid and the Children’s Health Insurance Program. The request issued  
7 by the Director is specifically required to seek information on strategies for  
8 determining the validity of claims for payment for services to recipients of  
9 Medicaid or the Children’s Health Insurance Program before payments are sent to  
10 reimburse providers. This bill also requires the Director to review the responses  
11 to the request for information to determine measures that may be taken to reduce  
12 waste, fraud and abuse under Medicaid and the Children’s Health Insurance



13 Program and to submit a report of the responses to the Legislative Committee on  
14 Health Care.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     **Section 1.** 1. On or before January 1, 2014, the Director of  
2 the Department of Health and Human Services or his or her  
3 designee shall issue a request for information to determine the  
4 availability and cost of technology, data verification and resources  
5 to assist the Department in reducing waste, fraud and abuse under  
6 Medicaid and the Children's Health Insurance Program. The request  
7 must seek information concerning strategies for determining the  
8 validity of claims for payment for services to recipients of Medicaid  
9 or the Children's Health Insurance Program before such payments  
10 are sent to reimburse providers.

11     2. The request issued pursuant to subsection 1 must seek  
12 information concerning technology that is capable of being  
13 integrated into the existing system that is used to evaluate claims for  
14 payment of services provided to recipients of Medicaid and the  
15 Children's Health Insurance Program. The information must inform  
16 the Department whether the technology will provide the ability for  
17 the Department to make predictions about and analyze data before  
18 payments are made for such claims for payment, including, without  
19 limitation, the ability to:

20     (a) Automatically analyze billing or utilization patterns by  
21 providers and recipients of Medicaid and the Children's Health  
22 Insurance Program to identify possible waste, fraud and abuse;

23     (b) Identify specific transactions to be subject to additional  
24 review based on the likelihood of potential waste, fraud or abuse  
25 and, to the extent possible, automatically identify and authorize  
26 payment for transactions that are not wasteful, fraudulent or  
27 abusive;

28     (c) Prevent the payment of claims for services that have been  
29 identified as potentially wasteful, fraudulent or abusive until the  
30 claims have been confirmed as valid; and

31     (d) Collect and analyze information regarding the outcomes of  
32 appeals conducted pursuant to NRS 422.276 regarding denials of  
33 claims for payment of services to determine whether better  
34 predictions and analysis may be achieved.

35     3. The request issued pursuant to subsection 1 must seek  
36 information concerning technology that is capable of verifying data  
37 regarding providers for and recipients of Medicaid and the  
38 Children's Health Insurance Program using publicly available  
39 records. The information must inform the Department whether such



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1 technology may be used to automate the review of transactions with  
2 those programs and to identify and prevent wasteful, fraudulent and  
3 abusive payments by identifying:

4 (a) Associations between providers, practitioners and recipients  
5 which indicate that any of those persons are acting in collusion with  
6 each other to engage in fraudulent practices; and

7 (b) Potential factors that would disqualify a person from  
8 eligibility for Medicaid or the Children's Health Insurance Program,  
9 which may include, without limitation, death, residence outside this  
10 State, ownership of too many assets and incarceration.

11 4. The request issued pursuant to subsection 1 must seek  
12 information concerning other fraud investigation services that  
13 combine a retrospective analysis of claims for payment of services  
14 under Medicaid and the Children's Health Insurance Program and  
15 prospective detection of waste, fraud and abuse. The information  
16 must inform the Department whether such services are available to:

17 (a) Analyze historical data regarding claims for payment of  
18 services and medical records;

19 (b) Analyze databases of information regarding providers  
20 suspected of submitting fraudulent claims for payment and of  
21 interviews with providers and recipients of Medicaid and the  
22 Children's Health Insurance Program; and

23 (c) Provide an opportunity for providers to review and correct  
24 any problems which are identified and place an emphasis on  
25 educating providers.

26 5. The Director shall review the responses to the request for  
27 information issued pursuant to this section to determine measures  
28 that may be taken to reduce waste, fraud and abuse under Medicaid  
29 and the Children's Health Insurance Program by allowing  
30 determinations to be made about claims for reimbursement before  
31 payments are made. The Director shall submit a report of the  
32 responses to the Legislative Committee on Health Care. The  
33 Legislative Committee on Health Care shall consider the report and  
34 make any appropriate recommendations to the Department,  
35 including whether the Committee supports the Department entering  
36 into any contracts to carry out measures identified in the report.

37 6. As used in this section:

38 (a) "Children's Health Insurance Program" means the program  
39 established pursuant to 42 U.S.C. §§ 1397aa to 1397jj, inclusive, to  
40 provide health insurance for uninsured children from low-income  
41 families in this State.

42 (b) "Medicaid" means the program established pursuant to Title  
43 XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq., to  
44 provide assistance for part or all of the cost of medical care rendered  
45 on behalf of indigent persons.



1 (c) "Provider" means a person or governmental entity who  
2 provides services to a recipient of Medicaid or the Children's Health  
3 Insurance Program for remuneration.

4 **Sec. 2.** This act becomes effective on July 1, 2013.

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