**South Carolina General Assembly**

120th Session, 2013-2014

**H. 3126**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Sellers and R.L. Brown

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Companion/Similar bill(s): 3164

Introduced in the House on January 8, 2013

Currently residing in the House Committee on **Ways and Means**

Summary: Department of Corrections

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

12/11/2012 House Prefiled

12/11/2012 House Referred to Committee on **Ways and Means**

1/8/2013 House Introduced and read first time ([House Journal‑page 97](file:///h:\HJ%20Archive\2013\01-08-13.docx))

1/8/2013 House Referred to Committee on **Ways and Means** ([House Journal‑page 97](file:///h:\HJ%20Archive\2013\01-08-13.docx))

**VERSIONS OF THIS BILL**

[12/11/2012](file:///p:\pprever\2013-14\3126_20121211.docx)

**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 24‑1‑310 SO AS TO REQUIRE THE DEPARTMENT OF CORRECTIONS TO IMPLEMENT AUTOMATED PAYMENT, DETECTION, AND RECOVERY PROCEDURES TO ENSURE THAT MEDICAID IS BILLED FOR ELIGIBLE CORRECTIONAL INPATIENT HOSPITAL AND HEALTH CARE PROFESSIONAL SERVICES; TO REQUIRE THE DEPARTMENT TO IMPLEMENT CERTAIN TECHNOLOGY TO IMPROVE HEALTH CARE CLAIM ACCURACY, TO PREVENT AND IDENTIFY ERRORS IN OVERBILLING, AND TO RECOVER VALID CLAIM OVERPAYMENTS; TO REQUIRE THE DEPARTMENT TO CONTRACT FOR SERVICES TO PERFORM THE REQUIREMENTS OF THIS ACT; AND TO PROVIDE THAT SAVINGS GENERATED BY THIS ACT MUST BE USED, TO THE EXTENT POSSIBLE, TO SECURE THE TECHNOLOGY SERVICES USED IN CARRYING OUT THE REQUIREMENTS OF THIS ACT.

Whereas, states have saved millions of dollars by implementing solutions to eliminate and recover correctional health care overpayments and significantly have reduced correctional health care costs by billing Medicaid for eligible inpatient health care costs; and

Whereas, by enacting this legislation the South Carolina General Assembly directs the Department of Corrections to implement automated payment detection, prevention, and recovery solutions to reduce correctional health care overpayments and to ensure that Medicaid is billed for eligible inpatient hospital and professional health care services. Now, therefore,

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Chapter 1, Title 24 of the 1976 Code is amended by adding:

“Section 24‑1‑310. (A) Unless otherwise stated, this section applies to state correctional health care systems and services and state contracted managed correctional health care services.

(B) The Department of Corrections shall implement automated payment detection, prevention, and recovery procedures to ensure that Medicaid is billed for eligible inpatient hospital and professional health care services. These procedures must include, but are not limited to, clinical code editing technology to further automate claims resolution and enhance cost containment through improved claim accuracy and appropriate code correction. Edits performed by this technology must be applied automatically before the adjudication of claims, and this technology must identify and prevent errors and potential overbilling based on widely accepted protocols, such as those used by the American Medical Association and the Centers for Medicare and Medicaid Services.

(C) The department shall implement correctional health care claims audit and recovery procedures to identify improper payments made due to nonfraudulent issues. Procedures that must be implemented include, but are not limited to, obtaining provider sign‑off on audit results and conducting post payment reviews to ensure that the diagnoses and procedure codes are accurate and valid based on supporting physician documentation within the medical records. Core categories of reviews may include, but are not limited to, Coding Compliance Diagnosis Related Group (DRG) Reviews, transfers, readmissions, cost outlier reviews, outpatient 72‑hour rule reviews, payment errors, and billing.

(D) The department shall contract to have services performed to carry out the requirements of this section, and the savings generated by the performance of these services must be used for the operation and administration of this section, including securing the technology services required by this section. To further achieve these savings, contractor reimbursement may be based upon a percentage of an achieved savings model, a per beneficiary per month model, a per transaction model, a case‑rate model, or any combination of these models. Contractor reimbursement models also may include performance guarantees of the contractor to ensure savings identified exceed program costs.”

SECTION 2. This act takes effect upon approval by the Governor.

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