

HOUSE BILL 397

By Casada

AN ACT to amend Tennessee Code Annotated, Title 71, Chapter 5, Part 25, relative to TennCare Fraud and Abuse Reform Act of 2004.

WHEREAS, the office of inspector general was created as a separate and distinct office apart from the bureau of TennCare; and

WHEREAS, the office of inspector general has the authority to provide legal assistance to the attorney general and reporter and the state district attorney general for the purpose of initiating and handling proceedings in appropriate TennCare fraud and abuse cases; and

WHEREAS, the mission of the office of inspector general is to identify, investigate, and prosecute persons who commit fraud against TennCare; and

WHEREAS, the legislative intent of the TennCare Fraud and Abuse Reform Act is that the office of the inspector general engage in effective data mining for the purpose of detecting fraud and abuse in the TennCare program; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated Section 71-5-2508, is amended by designating the current language as subsection (a) and adding the following subsections (b), (c) and (d):

(b) In order to immediately assist the medicaid fraud control unit with the detection of provider or vendor fraud and abuse in the administration of the medicaid program, the provision of goods or services or the activities of providers of goods or services under the state medicaid plan; medicare fraud; and abuse or neglect in healthcare facilities receiving payments under the state medicaid plan and consistent with the legislative intent of the this part, and later to expand the detection and prevention of fraud, waste, abuse and improper payments within other state agencies:

(1) There shall be established within the office of inspector general an enterprise fraud program office to implement a fraud, waste, and abuse detection and prevention system across state agencies and programs;

(2) The office of inspector general, enterprise fraud program office is authorized to enter into a vendor license agreement in an amount not to exceed the potential cost savings estimated by the enterprise fraud program office;

(3) All state agencies will participate in the enterprise fraud program's efforts to develop an automated fraud detection system;

(4) The program will have access to all state databases, to allow for fraud detection analytics software to analyze the data submitted;

(5) The enterprise fraud program office shall initiate a pilot project within one hundred twenty (120) days of the effective date of this act to implement state-of-the-art fraud detection technology that can support fraud, waste, abuse, and improper payment detection and prevention across state agencies, with the pilot project being deployed initially for the purpose of data mining of TennCare program data;

(6) The software will store and have access to and capability of data mining of all fraud and abuse data submitted in accordance with § 71-5-2515;

(7) The fraud detection software will have the following necessary components and must provide the following capabilities:

(A) Automated detection and alerting;

(B) Continuous monitoring of program transactions and activity, with ability to identify fraud and improper payments both prospectively (before the payment is made) and retrospectively (after payments are made);

(C) Ability to detect non-transaction fraud such as program eligibility issues and identity theft;

(D) Use of the latest advanced analytical techniques including predictive modeling, complex pattern analysis, social network analysis, text mining, and geospatial analysis;

(E) Feedback and self-learning capability to adapt to changing schemes and trends;

(F) Advanced entity resolution capabilities to create a holistic view of entities across government agencies, programs, and databases; and

(G) The ability to extend and adapt to all areas of state government; and

(8) Not later than six (6) months after the implementation of the program and deployment of the vendor software, the office of the inspector general, enterprise fraud program office shall submit to appropriate committees of the legislature a report detailing actual and projected savings, and changes, if any, to be made to increase efficiency. Moreover, the report shall suggest additional agencies to be added to the program and the timeline for implementing the software within each agency.

(c) Annual progress on the software performance reports will be submitted in accordance with the annual report provision under § 71-5-2511.

(d) Recoveries realized from the initial program with TennCare, and later with added agencies, shall be placed in a non-reverting fund to operate the enterprise fraud program office and shall not be utilized except by an appropriation of the general assembly in the general appropriations act.

SECTION 2. This act shall take effect upon becoming law, the public welfare requiring

it.