



# Legislative Council Staff

## Research Note

Version: Final

Date: 11/10/2016

### Bill Number

**Senate Bill 16-120**

### Sponsors

**Senator Roberts  
Representative Coram**

### Short Title

***Review By Medicaid Client For  
Billing Fraud***

### Research Analyst

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### Status

This research note reflects the final version of the bill, which became effective on August 10, 2016.

### Summary

The bill requires the Department of Health Care Policy and Financing (HCPF) to provide explanation of benefits (EOB) statements to Medicaid clients beginning July 1, 2017. The EOB statements must be distributed at least once every two months and the department may determine the most cost effective means of sending out the statements, including e-mail or web-based distribution, with mailed copies sent by request only. The bill specifies the information to be included in the EOB statements, including the name of the client receiving services, the name of the service providers, a description of the service provided, the billing code for the service, and the date of the service.

### Background

As part of its current quality control processes, HCPF sends a limited number of EOB statements to a sample of clients, primarily targeting high-cost procedures with greater potential for fraud or improper billing. In addition, HCPF is currently in the process of reprocurring its Medicaid billing and claims system, the Medicaid Management Information System (MMIS). The new system will include an online member portal to give Medicaid clients electronic access to EOB statements. In the new system, Medicaid clients will be able to print and save EOB statements and electronically report fraud or mistakes in billing.

In addition, HCPF currently has a number of processes in place to ensure proper billing under

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Medicaid, including the use of managed care, prior authorization reviews for certain services, a quality assurance review process, targeted use of EOB statements, and the Medicaid False Claims Act procedures. When fraud or improper billing is investigated and discovered, HCPF may recover the costs of services. These cost recoveries are applied in the general appropriations bill toward the costs of Medical Service Premiums for Medicaid clients and are adjusted through the annual budget process.

## Senate Action

**Senate Health and Human Services Committee (February 18, 2016).** At the hearing, representatives of the Colorado Cross-Disability Coalition, the Independence Institute and two members of the public testified in support of the bill. Department of Health Care Policy and Financing staff responded to committee questions. The committee adopted amendment L.002 and referred the bill to the Senate Appropriations Committee. Amendment L.002 made technical changes to the bill.

**Senate Appropriations Committee (April 22, 2016).** The committee adopted amendment J.001 and referred the bill to the Senate Committee of the Whole. Amendment J.001 added an appropriations clause to the bill.

**Senate second reading (April 25, 2016).** The Senate adopted the Senate Health and Human Services and the Appropriations committee reports and passed the bill on second reading as amended.

**Senate third reading (April 26, 2016).** The Senate passed the bill on third reading with no amendments.

## House Action

**House Public Health Care and Human Services Committee (May 3, 2016).** At the hearing, a representative of the Colorado Cross-Disability Coalition and a member of the public testified in support of the bill. Department of Health Care Policy and Financing staff responded to committee questions. The committee referred the bill to the House Appropriations Committee with no amendments.

**House Appropriations Committee (May 5, 2016).** The committee referred the bill to the House Committee of the Whole with no amendments.

**House second reading (May 5, 2016).** The House passed the bill on second reading with no amendments.

**House third reading (May 6, 2016).** The House passed the bill on third reading with no amendments.