

Department of Medical Assistance Services 2005 Fiscal Impact Statement

1. Bill Number HB1753

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Janis

3. Committee: Committee on General Laws

4. Title: Exemption from Administrative Process Act

5. Summary/Purpose: The bill exempts the Department of Medical Assistance Services (DMAS) from the Administrative Process Act for withholding payments in cases of alleged fraud and misrepresentation by Medicaid Providers. Federal law allows state Medicaid agencies to withhold Medicaid payments to a provider upon receipt of reliable evidence of fraud or willful misrepresentation, but the federal regulation states that the provider may pursue administrative review where the State law so requires.

The Virginia Administrative Process Act (APA) currently allows providers to pursue an administrative review of any decision to withhold payments through an informal fact-finding, a formal hearing, and then court review under the APA if DMAS withheld payments because of fraud or willful misrepresentation. This review process may result in the state providing information concerning a potential fraud case before the state is ready to prosecute the case in court. The bill would allow DMAS to withhold these payments and make this action exempt from the APA review process.

6. Fiscal Impact Estimates are: Not Available. SEE ITEM 8.

7. Budget amendment necessary: No.

8. Fiscal implications: The bill may result in some cost savings if it results in DMAS withholding fraudulent payments to providers up front, which would otherwise have to be recovered at a later date. In the case of legitimate services provided by these providers, these will likely be provided by an alternate provider and DMAS would still incur these expenses.

During the past two years there have been between 10 to 20 providers each year that could potentially be subject to the withholding of payments due to evidence of fraud and any potential savings would fluctuate from year to year.

9. Specific agency or political subdivisions affected: Department of Medical Assistance Services and the Attorney Generals Office.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/14/05 / mst

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cc: Secretary of Health and Human Resources