

HOUSE BILL No. 5001

June 23, 2005, Introduced by Reps. Garfield, Stahl, Sheen, Hoogendyk, Gosselin, Drolet,
Vander Veen, Stakoe and Shaffer and referred to the Committee on Insurance.

A bill to amend 1980 PA 350, entitled
"The nonprofit health care corporation reform act,"
(MCL 500.1101 to 500.1704) by adding section 602a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 602A. (1) IN ADDITION TO ANY OTHER REQUIREMENT OF THIS
2 ACT REGARDING VISITATIONS AND AUDITS OF A HEALTH CARE CORPORATION,
3 A FORENSIC AUDIT OF A HEALTH CARE CORPORATION SHALL BE CONDUCTED
4 EVERY 3 YEARS AS PROVIDED IN THIS SECTION. THE FORENSIC AUDIT SHALL
5 EXAMINE CLAIMS PAYMENTS AND REIMBURSEMENT PROCEDURES AND PRACTICES
6 BY THE HEALTH CARE CORPORATION FOR ALL OF THE HEALTH CARE
7 CORPORATION'S HEALTH CARE BUSINESS INCLUDING ADMINISTRATIVE
8 SERVICES ONLY AND COST PLUS ARRANGEMENTS. THE FORENSIC AUDIT SHALL
9 BE CONDUCTED FOR, AT A MINIMUM, THE IMMEDIATELY PRECEDING 3-YEAR
10 PERIOD BUT MAY BE EXTENDED FOR A PERIOD OF NOT MORE THAN THE

1 IMMEDIATELY PRECEDING 4 YEARS IF NECESSARY TO ADJUST FOR AND
2 COORDINATE WITH THE HEALTH CARE CORPORATION'S FISCAL YEAR AND
3 REIMBURSEMENT ACTIVITIES. THE FORENSIC AUDIT SHALL INCLUDE, BUT IS
4 NOT LIMITED TO, A COMPREHENSIVE EXAMINATION AND ANALYSIS OF ALL OF
5 THE FOLLOWING:

6 (A) THE AMOUNTS AND METHODS OF REIMBURSEMENT FOR HEALTH CARE
7 SERVICES.

8 (B) UTILIZATION AND REVIEW FUNCTIONS IN THE PAYMENT PROCESSING
9 AND REIMBURSEMENT SYSTEM.

10 (C) IDENTIFICATION OF INSTANCES OF FALSE CLAIM ACTIVITIES.

11 (D) IDENTIFICATION OF INSTANCES OF NONCOMPLIANCE WITH THIS ACT
12 AND APPLICABLE LAW.

13 (E) A REVIEW OF PROVIDER RELATIONS AS THEY AFFECT
14 REIMBURSEMENT POLICIES.

15 (F) A COMPLETE ACCOUNTING OF REIMBURSEMENT EXPENDITURES AND
16 ADMINISTRATIVE EXPENSES AND OTHER COSTS.

17 (G) ANY FRAUDULENT ACTIVITY.

18 (2) THE FORENSIC AUDIT REQUIRED IN SUBSECTION (1) SHALL BE
19 CONDUCTED BY AN ACCOUNTING FIRM SELECTED BY THE COMMISSIONER
20 SKILLED IN EXAMINING THE AREAS OF HEALTH CARE CLAIMS AND RECOVERY.
21 THE ACCOUNTING FIRM SHALL NOT BE ASSOCIATED IN ANY WAY WITH THE
22 HEALTH CARE CORPORATION, INCLUDING, BUT NOT LIMITED TO, HAVING ANY
23 CONTRACTUAL, EMPLOYMENT, OR FINANCIAL INTEREST WITH THE HEALTH CARE
24 CORPORATION.

25 (3) THE RESULTS OF THE FORENSIC AUDIT REQUIRED UNDER
26 SUBSECTION (1) SHALL BE REPORTED TO THE GOVERNOR, THE COMMISSIONER,
27 THE ATTORNEY GENERAL, THE AUDITOR GENERAL, AND THE HOUSE AND SENATE

1 STANDING COMMITTEES ON HEALTH, INSURANCE, SENIOR CITIZENS, AND
2 PUBLIC WELFARE ISSUES. THE REPORT SHALL DETAIL THE RESULTS OF THE
3 AUDIT AND SHALL INCLUDE ANY TRENDS AND ANY RECOMMENDATIONS FOR
4 IMPROVEMENTS AND CORRECTIONS.

5 (4) THE COMMISSIONER AND THE ATTORNEY GENERAL SHALL ACT UPON
6 ANY VIOLATIONS OF LAW DISCOVERED IN THE FORENSIC AUDIT, INCLUDING,
7 BUT NOT LIMITED TO, ANY SANCTIONS AND RECOVERY PROCEDURES PROVIDED
8 FOR UNDER THIS ACT.

9 (5) THE FIRST FORENSIC AUDIT REQUIRED UNDER THIS SECTION SHALL
10 OCCUR 90 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
11 ADDED THIS SECTION.