

## **BILL ANALYSIS**

Senate Research Center  
86R806 MM-D

S.B. 1458  
By: Johnson  
Health & Human Services  
3/25/2019  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Centers for Medicare and Medicaid Services (CMS) currently requires hospitals to adhere to federal coding guidelines when Medicaid claims are submitted to the Health and Human Services Commission (HHSC). This requirement helps to ensure medical necessity and accurate reimbursement.

HHSC's Office of Inspector General (OIG) is authorized to review these Medicaid claims and to recoup funds when reimbursement errors are found. The OIG's findings may be appealed to HHSC Medical Appeals Unit (MAU).

S.B. 207 from the 84th Regular Session mandated that the OIG follow federal coding guidelines when conducting its utilization reviews but did not mandate that the MAU do so as well. S.B. 1458 would require the MAU to follow federal coding guidelines when conducting its utilization reviews as well. In other words, S.B. 1458 would extend the requirement of following federal coding guidelines to the MAU so that hospitals are measured by the same set of criteria at every step in the process should they appeal a ruling by the OIG to the MAU.

In addition, S.B. 1458 would statutorily define federal coding guidelines as code sets and guidelines adopted by the United States Department of Health and Human Services (USDHHS), in accordance with the Health Insurance Portability and Accountability Act of 1996.

Supporters of S.B. 1458 are the Teaching Hospital of Texas. We do not expect any opposition.

As proposed, S.B. 1458 amends current law relating to compliance with federal coding guidelines for certain divisions and offices within the Health and Human Services Commission.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 531.1023, Government Code, as follows:

Sec. 531.1023. COMPLIANCE WITH FEDERAL CODING GUIDELINES. (a) Creates this subsection from existing text. Requires the Health and Human Services Commission's (HHSC) Office of Inspector General, including office staff and any third party with which the office contracts to perform coding services, and HHSC's medical utilization review appeals unit to comply with federal coding guidelines, including guidelines for diagnosis-related group (DRG) validation and related audits.

(b) Defines "federal coding guidelines" for purposes of this section.

SECTION 2. Effective date: September 1, 2019.