SENATE

STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 180

(SENATE AUTHORS: BENSON, Nienow, Daley, Chamberlain and Nelson)

1.1   A bill for an act

1.2   relating to state government; requiring the Department of Human Services

1.3   to issue a request for proposals for a Medicaid fraud detection and business

1.4   intelligence contract.

1.5   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6   Section 1. **REQUEST FOR PROPOSALS.**

1.7   (a) The commissioner of human services shall issue a request for proposals

1.8   for a contract to use technologically advanced software and services to improve the

1.9   identification and rejection of improper Medicaid payments before payment is made to

1.10   the provider. The request for proposals must ensure that a system recommended and

1.11   implemented by the contractor will:

1.12   (1) implement a more comprehensive, robust, and technologically advanced

1.13   improper payments identification program;

1.14   (2) utilize state of the art fraud detection methods and technologies such as predictive

1.15   modeling, link analysis, and anomaly and outlier detection;

1.16   (3) have the ability to identify and report improper claims before the claims are paid;

1.17   (4) include a mechanism so that the system improves its detection capabilities over

1.18   time;

1.19   (5) leverage technology to make the Medicaid claims evaluation process more

1.20   transparent and cost-efficient; and

1.21   (6) result in increased state savings by reducing or eliminating payouts of wrongful

1.22   Medicaid claims.

1.23   (b) Based on responses to the request for proposal, the commissioner must enter into

1.24   a contract for the services specified in paragraph (a) by October 1, 2011. The contract

2.1   shall incorporate a performance-based vendor financing option whereby the vendor shares

2.2   in the risk of the project's success.

2.3   **EFFECTIVE DATE.** This section is effective the day following final enactment.