

BILL ANALYSIS

Senate Research Center
89R15279 CMO-D

S.B. 2458
By: Hughes
Health & Human Services
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill would require the Health and Human Services Commission's (HHSC) recovery audit contractor program to include the identification of underpayments and overpayments under the Medicaid managed care program.

The bill would require HHSC's Office of Inspector General (OIG) to ensure that a recovery audit contractor (RAC) identifies both payments made to a Medicaid managed care organization (MCO), and payments made by a Medicaid MCO that the MCO did not previously identify in an audit and the state did not initiate recovery efforts for.

The bill would take effect September 1, 2025.

As proposed, S.B. 2458 amends current law relating to the audit of claims and recovery of overpayments by Medicaid recovery audit contractors.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the executive commissioner of the Health and Human Services Commission in SECTION 1 (Section 544.0504, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 544.0504, Government Code, as effective April 1, 2025, as follows:

Sec. 544.0504. RECOVERY AUDIT CONTRACTORS. (a) Creates this subsection from existing text. Requires the Health and Human Services Commission (HHSC), to the extent required under Section 1902(a)(42), Social Security Act (42 U.S.C. Section 1396(a)(42)), to establish a program under which HHSC contracts with one or more recovery audit contractors to identify Medicaid underpayments and overpayments, including underpayments and overpayments under the Medicaid managed care program, and recover the overpayments. Makes nonsubstantive changes.

(b) Authorizes a recovery audit contractor to recover an overpayment under Subsection (a)(2) (relating to requiring HHSC to recover overpayments from the Medicaid managed care program) from either the provider or the managed care organization.

(c) Requires the recovery audit contractor, to avoid duplicative recovery efforts on a claim, to notify the office of inspector general (office) or the office's designee prior to initiating a review of a claim under this section and, if directed by the office, exclude a claim.

(d) Requires a managed care organization or provider who is the subject of an audit conducted under this section, on request by a recovery audit contractor or the office, to submit to the contractor or office all information necessary to perform the audit not later than the date specified in the request. Provides that all information and materials obtained under this section are confidential under

Section 544.0259(e) (relating to providing that all information subpoenaed or compiled by the office is confidential and not subject to certain methods of release).

(e) Requires the executive commissioner of HHSC (executive commissioner) by rule to adopt a process for appeals related to overpayments identified by a recovery audit contractor under this section.

(f) Authorizes HHSC to contract with a third party to administer Subsection (d) or (e).

(g) Authorizes the executive commissioner, in consultation with the office, to adopt rules necessary to implement this section.

SECTION 2. Requires a state agency, if necessary for implementation of a provision of this Act, to request a waiver or authorization from a federal agency, and authorizes a delay of implementation until such a waiver or authorization is granted.

SECTION 3. Effective date: September 1, 2025.