CHAPTER 24

MEDICAID PROGRAM — PAYMENTS, CLAIMS, AND SERVICE PROVIDERS

S.F. 357

AN ACT relating to Medicaid program integrity, and providing penalties.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 10A.108, subsections 6 and 7, Code 2013, are amended to read as follows:

6. The department shall pay, from moneys appropriated to the department for this purpose, recording fees as provided in section 331.604, for the recording of the lien~~, or for satisfaction of the lien~~.

7. Upon payment of a debt for which the director has filed notice with a county recorder, the director shall ~~file a~~ provide to the debtor a satisfaction of the debt. The debtor shall be responsible for filing the satisfaction of the debt with the recorder and the recorder shall enter the satisfaction on the notice on file in the recorder's office.

Sec. 2. Section 249A.2, Code 2013, is amended by adding the following new subsection:

NEW SUBSECTION. 8A. *"Overpayment"* means any funds that a provider receives or retains under the medical assistance program to which the person, after applicable reconciliation, is not entitled. To the extent the provider and the department disagree as to whether the provider is entitled to funds received or retained under the medical assistance program, *"overpayment"* includes such funds for which the provider's administrative and judicial review remedies under 441 IAC ch. 7 and chapter 17A have been exhausted. For purposes of repayment, an overpayment may include interest in accordance with section 249A.41.

Sec. 3. NEW SECTION. **249A.39 Reporting of overpayment.**

1. A provider who has received an overpayment shall notify in writing, and return the overpayment to, the department, the department's agent, or the department's contractor, as appropriate. The notification shall include the reason for the return of the overpayment.

2. Notification and return of an overpayment under this section shall be provided by no later than the later of either of the following, as applicable:

a. The date which is sixty days after the date on which the overpayment was identified by the provider.

b. The date any corresponding cost report is due.

3. A violation of this section is a violation of chapter 685.

Sec. 4. NEW SECTION. **249A.40 Involuntarily dissolved providers — overpayments or incorrect payments.**

Medical assistance paid to a provider following involuntary administrative dissolution of the provider pursuant to chapter 490, division XIV, part B, shall be considered incorrectly paid for the purposes of section 249A.5 and the provider shall be considered to have received an overpayment for the purposes of this subchapter. For the purposes of this section, the overpayment shall not accrue until after a grace period of ninety days following receipt of notice by the provider of the dissolution from the department. Notwithstanding section 490.1422, or any other similar retroactive provision for reinstatement, the director shall recoup any medical assistance paid to a provider while the provider was dissolved if the provider is not retroactively reinstated within the ninety-day grace period. The principals of the provider shall be personally liable for the incorrect payment or overpayment.

Sec. 5. NEW SECTION. **249A.41 Overpayment — interest.**

1. Interest may be collected upon any overpayment determined to have been made and shall accrue at the rate and in the manner specified in this section.

2. Prior to the provision of a notice of overpayment to the provider, interest shall accrue at the statutory rate for prejudgment interest applicable in civil actions.

3. After the provision of a notice of overpayment to the provider and after all of the provider's administrative and judicial review remedies under 441 IAC ch. 7 and chapter 17A have been exhausted, interest shall accrue at the statutory rate for prejudgment interest applicable in civil actions plus five percent per annum, or the maximum legal rate, whichever is lower.

4. At the discretion of the director, interest on an overpayment may be waived in whole or in part when the department determines the imposition of interest would produce an unjust result, would unduly burden the provider, or would substantially delay the prompt and efficient resolution of an outstanding audit or investigation.

Sec. 6. NEW SECTION. **249A.42 Overpayment — limitations periods.**

1. An administrative action to recover an overpayment to a provider shall be commenced within five years of the date the overpayment was incurred. For the purposes of this subsection, *"incurred"* means the date the medical assistance claim was paid, or the date any applicable reconciliation was completed, whichever is later.

2. An administrative action to impose a sanction related to an overpayment to a provider shall be commenced within five years of the date the conduct underlying the sanction concluded, or the director discovered such conduct, whichever is later.

Sec. 7. NEW SECTION. **249A.43 Provider overpayment — notice — judgment.**

1. Any overpayment to a provider under this chapter shall become a judgment against the provider, by operation of law, ninety days after a notice of overpayment is personally served upon the enrolled provider as required in the Iowa rules of civil procedure or by certified mail, return receipt requested, by the director or the attorney general or, if applicable, upon exhaustion of the provider's administrative and judicial review remedies under 441 IAC ch. 7 or chapter 17A, whichever is later. The judgment is entitled to full faith and credit in all states.

2. The notice of overpayment shall include the amount and cause of the overpayment, the provider's appeal rights, and a disclaimer that a judgment may be established if an appeal is not timely filed or if an appeal is filed and at the conclusion of the administrative process under chapter 17A a determination is made that there is an overpayment.

3. An affidavit of service of a notice of entry of judgment shall be made by first class mail at the address where the debtor was served with the notice of overpayment. Service is completed upon mailing as specified in this paragraph. [1]

4. On or after the date an unpaid overpayment becomes a judgment by operation of law, the director or the attorney general may file all of the following with the district court:

a. A statement identifying, or a copy of, the notice of overpayment.

b. Proof of service of the notice of overpayment.

c. An affidavit of default, stating the full name, occupation, place of residence, and last known post office address of the debtor; the name and post office address of the department; the date or dates the overpayment was incurred; the program under which the debtor was overpaid; and the total amount of the judgment.

5. Nothing in this section shall be construed to impede or restrict alternative methods of recovery of the overpayments specified in this section or of overpayments which do not meet the requirements of this section.

Sec. 8. NEW SECTION. **249A.44 Overpayment — emergency relief.**

1. Concurrently with a withholding of payment, the imposition of a sanction, or the institution of a criminal, civil, or administrative proceeding against a provider or other person for overpayment, the director or the attorney general may bring an action for a temporary restraining order or injunctive relief to prevent a provider or other person from whom recovery may be sought, from transferring property or otherwise taking action to protect the provider's or other person's business inconsistent with the recovery sought.

2. To obtain such relief, the director or the attorney general shall demonstrate all necessary requirements for the relief to be granted.

[1] See chapter 140, §59 herein

3. If an injunction is granted, the court may appoint a receiver to protect the property and business of the provider or other person from whom recovery may be sought. The court shall assess the costs of the receiver to the provider or other person.

4. The director or the attorney general may file a lis pendens on the property of the provider or other person during the pendency of a criminal, civil, or administrative proceeding.

5. When requested by the court, the director, or the attorney general, a provider or other person from whom recovery may be sought shall have an affirmative duty to fully disclose all property and liabilities to the requester.

6. An action brought under this section may be brought in the district court for Polk county or any other county in which a provider or other person from whom recovery may be sought has its principal place of business or is domiciled.

Sec. 9. NEW SECTION. **249A.45 Provider's third-party submissions.**

1. The department may refuse to accept a financial and statistical report, cost report, or any other submission from any third party acting under a provider's authority or direction to prepare or submit such documents or information, for good cause shown. For the purposes of this section, *"good cause"*, includes but is not limited to a pattern or practice of submitting unallowable costs on cost reports; making a false statement or certification to the director or any representative of the department; professional negligence or other demonstrated lack of knowledge of the cost reporting process; conviction under a federal or state law relating to the operation of a publicly funded program; or submission of a false claim under chapter 685.

2. If the department refuses to accept a cost report from a third party for good cause under this section, the third party shall be strictly liable to the provider for all fees incurred in preparation of the cost report, as well as reasonable attorney fees and costs. The department shall not take any adverse action against a provider that results from the unintentional delay in the submission of a new cost report or other submission necessitated by the department's refusal to accept a cost report or other submission under this section. The department shall notify an affected provider within seven business days of any refusal to accept a cost report.

Sec. 10. NEW SECTION. **249A.46 Liability of other persons — repayment of claims.**

1. The department may require repayment of medical assistance paid from the person submitting an incorrect or improper claim, the person causing the claim to be submitted, or the person receiving payment for the claim.

2. Nothing in this section shall be construed to impede or restrict alternative recovery methods for claims specified in this section or claims which do not meet the requirements of this section.

Sec. 11. NEW SECTION. **249A.47 Improperly filed claims — other violations — imposition of monetary recovery and sanctions.**

1. In addition to any other remedies or penalties prescribed by law, including but not limited to those specified pursuant to section 249A.8 or chapter 685, all of the following shall be applicable to violations under the medical assistance program:

a. A person who intentionally and purposefully presents or causes to be presented to the department a claim that the department determines meets any of the following criteria is subject to a civil penalty of not more than ten thousand dollars for each item or service:

(1) A claim for medical or other items or services that the provider knows was not provided as claimed, including a claim by any provider who engages in a pattern or practice of presenting or causing to be presented a claim for an item or service that is based on a billing code that the provider knows will result in a greater payment to the provider than the billing code the provider knows is applicable to the item or service actually provided.

(2) A claim for medical or other items or services the provider knows to be false or fraudulent.

(3) A claim for a physician service or an item or service incident to a physician service by a person who knows that the individual who furnished or supervised the furnishing of the service meets any of the following:

(a) Was not licensed as a physician.

(b) Was licensed as a physician, but such license had been obtained through a misrepresentation of material fact.

(c) Represented to the patient at the time the service was furnished that the physician was certified in a medical specialty by a medical specialty board when the individual was not so certified.

(4) A claim for medical or other items or services furnished during a period in which the provider was excluded from providing such items or services.

(5) A claim for a pattern of medical or other items or services that a provider knows were not medically necessary.

b. A provider who intentionally and purposefully presents or causes to be presented to any person a request for payment which is in violation of the terms of either of the following is subject to a civil penalty of not more than ten thousand dollars for each item or service:

(1) An agreement with the department or a requirement of a state plan under Tit. XIX or XXI of the federal Social Security Act not to charge a person for an item or service in excess of the amount permitted to be charged.

(2) An agreement to be a participating provider.

c. A provider who is not an organization, agency, or other entity, and knowing that the provider is excluded from participating in a program under Tit. XVIII, XIX, or XXI of the federal Social Security Act at the time of the exclusion, who does any of the following, is subject to a civil penalty of ten thousand dollars for each day that the prohibited relationship occurs:

(1) Retains a direct or indirect ownership or control interest in an entity that is participating in such programs, and knows of the action constituting the basis for the exclusion.

(2) Is an officer or managing employee of such an entity.

d. A provider who intentionally and purposefully offers to or transfers remuneration to any individual eligible for benefits under Tit. XIX or XXI of the federal Social Security Act and who knows such offer or remuneration is likely to influence such individual to order or receive from a particular provider any item or service for which payment may be made, in whole or in part, under Tit. XIX or XXI of the federal Social Security Act, is subject to a civil penalty of not more than ten thousand dollars for each item or service.

e. A provider who intentionally and purposefully arranges or contracts, by employment or otherwise, with an individual or entity that the provider knows is excluded from participation under Tit. XVIII, XIX, or XXI of the federal Social Security Act, for the provision of items or services for which payment may be made under such titles, is subject to a civil penalty of not more than ten thousand dollars for each item or service.

f. A provider who intentionally and purposefully offers, pays, solicits, or receives payment, directly or indirectly, to reduce or limit services provided to any individual eligible for benefits under Tit. XVIII, XIX, or XXI of the federal Social Security Act, is subject to a civil penalty of not more than fifty thousand dollars for each act.

g. A provider who intentionally and purposefully makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim for payment for items and services furnished under Tit. XIX or XXI of the federal Social Security Act, is subject to a civil penalty of not more than fifty thousand dollars for each false record or statement.

h. A provider who intentionally and purposefully fails to grant timely access, upon reasonable request and without good cause, to the department for the purpose of audits, investigations, evaluations, or other functions of the department, is subject to a civil penalty of fifteen thousand dollars for each day of the failure.

i. A provider who intentionally and purposefully makes or causes to be made any false statement, omission, or misrepresentation of a material fact in any application, bid, or contract to participate or enroll as a provider of services or a supplier under Tit. XVIII, XIX, or XXI of the federal Social Security Act, including a managed care organization or entity that applies to participate as a provider of services or supplier in such a managed care organization or plan, is subject to a civil penalty of fifty thousand dollars for each false statement, omission, or misrepresentation of a material fact.

j. A provider who intentionally and purposefully fails to report and return an overpayment in accordance with section 249A.41 is subject to a civil penalty of ten thousand dollars for each failure to report and return an overpayment.

2. In addition to the civil penalties prescribed under subsection 1, for any violation specified in subsection 1, a provider shall be subject to the following, as applicable:

a. For violations specified in subsection 1, paragraph *"a"*, *"b"*, *"c"*, *"d"*, *"e"*, *"g"*, *"h"*, or *"j"*, an assessment of not more than three times the amount claimed for each such item or service in lieu of damages sustained by the department because of such claim.

b. For a violation specified in subsection 1, paragraph *"f"*, damages of not more than three times the total amount of remuneration offered, paid, solicited, or received, without regard to whether a portion of such remuneration was offered, paid, solicited, or received for a lawful purpose.

c. For a violation specified in subsection 1, paragraph *"i"*, an assessment of not more than three times the total amount claimed for each item or service for which payment was made based upon the application containing the false statement, omission, or misrepresentation of a material fact.

3. In determining the amount or scope of any penalty or assessment imposed pursuant to a violation specified in subsection 1, the director shall consider all of the following:

a. The nature of the claims and the circumstances under which they were presented.

b. The degree of culpability, history of prior offenses, and financial condition of the person against whom the penalties or assessments are levied.

c. Such other matters as justice may require.

4. Of any amount recovered arising out of a claim under Tit. XIX or XXI of the federal Social Security Act, the department shall receive the amount bearing the same proportion paid by the department for such claims, including any federal share that must be returned to the centers for Medicare and Medicaid services of the United States department of human services. The remainder of any amount recovered shall be deposited in the general fund of the state.

5. Civil penalties levied under this section are appealable under 441 IAC ch. 7, but, notwithstanding any provision to the contrary in that chapter, the appellant shall bear the burden to prove by clear and convincing evidence that the claim was not filed improperly.

6. For the purposes of this section, *"claim"* includes but is not limited to the submission of a cost report.

Sec. 12. NEW SECTION. **249A.48 Temporary moratoria.**

1. The Iowa Medicaid enterprise shall impose a temporary moratorium on the enrollment of new providers or provider types identified by the centers for Medicare and Medicaid services of the United States department of health and human services as posing an increased risk to the medical assistance program.

a. This section shall not be interpreted to require the Iowa Medicaid enterprise to impose a moratorium if the Iowa Medicaid enterprise determines that imposition of a temporary moratorium would adversely affect access of recipients to medical assistance services.

b. If the Iowa Medicaid enterprise makes a determination as specified in paragraph *"a"*, the Iowa Medicaid enterprise shall notify the centers for Medicare and Medicaid services of the United States department of health and human services in writing.

2. The Iowa Medicaid enterprise may impose a temporary moratorium on the enrollment of new providers, or impose numerical caps or other limits that the Iowa Medicaid enterprise and the centers for Medicare and Medicaid services identify as having a significant potential for fraud, waste, or abuse.

a. Before implementing the moratorium, caps, or other limits, the Iowa Medicaid enterprise shall determine that its action would not adversely impact access by recipients to medical assistance services.

b. The Iowa Medicaid enterprise shall notify, in writing, the centers for Medicare and Medicaid services, if the Iowa Medicaid enterprise seeks to impose a moratorium under this subsection, including all of the details of the moratorium. The Iowa Medicaid enterprise shall receive approval from the centers for Medicare and Medicaid services prior to imposing a moratorium under this subsection.

3. *a.* The Iowa Medicaid enterprise shall impose any moratorium for an initial period of six months.

b. If the Iowa Medicaid enterprise determines that it is necessary, the Iowa Medicaid enterprise may extend the moratorium in six-month increments. Each time a moratorium is extended, the Iowa Medicaid enterprise shall document, in writing, the necessity for extending the moratorium.

Sec. 13. NEW SECTION. **249A.49 Internet site — providers found in violation of medical assistance program.**

1. The director shall maintain on the department's internet site, in a manner readily accessible by the public, all of the following:

a. A list of all providers that the department has terminated, suspended, or placed on probation.

b. A list of all providers that have failed to return an identified overpayment of medical assistance within the time frame specified in section 249A.41.

c. A list of all providers found liable for a false claims law violation related to the medical assistance program under chapter 685.

2. The director shall take all appropriate measures to safeguard the protected health information, social security numbers, and other information of the individuals involved, which may be redacted or omitted as provided in rule of civil procedure 1.422. A provider shall not be included on the internet site until all administrative and judicial remedies relating to the violation have been exhausted.

Sec. 14. CODE EDITOR DIRECTIVES. The Code editor shall do all of the following:

1. Create a new subchapter in chapter 249A, entitled "Medical Assistance Eligibility and Miscellaneous Provisions", which shall include sections 249A.1 through 249A.4, section 249A.4B, sections 249A.9 through 249A.13, sections 249A.15 through 249A.18A, and sections 249A.20 through 249A.38, Code 2013. The Code editor may renumber sections within the subchapter and shall correct internal references as necessary.

2. Create a new subchapter in chapter 249A, entitled "Medical Assistance Program Integrity", which shall include sections 249A.39 through 249A.49, as enacted in this Act.

3. a. Transfer section 249A.4A, sections 249A.5 through 249A.8, section 249A.14, and section 249A.19, Code 2013, to the new subchapter entitled "Medical Assistance Program Integrity". The Code editor shall renumber the transferred sections as follows:

(1) Section 249A.4A as section 249A.52.
(2) Section 249A.5 as section 249A.53.
(3) Section 249A.6 as section 249A.54.
(4) Section 249A.6A as section 249A.55.
(5) Section 249A.7 as section 249A.50.
(6) Section 249A.8 as section 249A.51.
(7) Section 249A.14 as section 249A.56.
(8) Section 249A.19 as section 249A.57.

b. The Code editor shall correct internal references as necessary.

Approved April 5, 2013