ISSUE BRIEF | SENATE BILL 16-120

Review by Medicaid Client for Billing Fraud

Background

Senate Bill 16-120 (SB 120) requires the Colorado Department of Health Care Policy and Financing (HCPF) to issue explanation of benefits (EOB) statements to Medicaid clients. Although the bill facilitates sharing of more information with Medicaid clients about their health care services, it may also lead to confusion about whether or not clients are required to pay providers for services listed.

In the private sector as well as the Medicare program, insurers routinely provide EOB statements to clients to help verify whether claimed medical services were actually provided. Prior to the introduction of this legislation, HCPF was pursuing a pilot project, that sent out a limited number of EOB statements to a sample of clients, primarily targeting high-cost procedures with greater potential for fraud or improper billing. HCPF is also currently developing a new Medicaid billing and claims system, which will include an online member portal to give Medicaid clients electronic access to EOB statements. HCPF leadership and the bill sponsors hope that by requiring EOBs to be sent to all Medicaid clients, the new law will uncover fraud or other improper billing of services under Medicaid.

What You Need to Know

Although this law does not impact hospitals directly, it is important for hospitals – especially for those serving a large Medicaid population – to be aware of the changes HCPF will make regarding Medicaid client billing notification. More specifically, the law requires HCPF to distribute the EOB statements at least bimonthly via email or web-based distribution, with mailed copies sent by request only. The EOB statements must include:

- The name of the client receiving services;
- The name of the service providers;
- A description of services provided;
- The billing code each service; and
- The date the service was provided.

Additional Resources

- SB 120 Fiscal Note
- HCPF's website
- SB 120 took effect on Aug. 10, 2016.

For questions or more information, contact Amber Burkhart, CHA policy analyst, at 720.330.6028.

c|h|a Colorado Hospital Association

UPDATED: AUGUST 2016