

TAHP Opposes HB 895 Limits Fraud Investigations in Health Care



Extrapolation is the mathematical practice of using a representative sample to evaluate a larger universe. HB 895 prohibits the use of extrapolation by health plans to audit claims for fraud.

HB 895 increases the cost of health care for consumers

- Tools like extrapolation help control health care costs and protect consumers and small businesses who offer insurance through efficient and timely detection of fraud
- Nationwide, health care fraud costs consumers nearly \$70 billion dollars a year

Inconsistent: Prohibiting extrapolation when it stops fraud, using it when it benefits physicians

- Last session, the Legislature passed HB 3459, which uses extrapolation to determine gold card status for physicians to waive prior authorization requirements
- It is inconsistent to require extrapolation in gold carding when it may benefit providers but prohibit extrapolation when it may help identify provider fraud in the commercial market
- In Medicaid, extrapolation is a permissible tool used to calculate overpayments for large volumes of claims that states may not otherwise be able to audit

Bad precedent

- HB 895 would set a bad statutory precedent of eliminating tools to uncover fraud in health care
- Sends a message to providers that health care fraud is acceptable
- Tools like extrapolation are necessary because abusive overbilling in health care is challenging to spot, and plans often have to review thousands of claims to uncover abusive billing practices

The current process works

- Nationwide, courts routinely uphold the use of extrapolation in health care fraud cases
- Providers can test both the sample and the results to appeal the result of an audit
- In 2019, a Texas court found a provider guilty of \$4 million in Medicare overcharges discovered through extrapolation. The provider was billing individuals that did not qualify for coverage.