

SUPPORT HB 4012 (Paul)

Strengthening Fraud Prevention for Employer Health Plans

Rampant Health Care Fraud, Waste, and Abuse are Driving Up Costs for Texas Employers and Families

- The Texas Office of Inspector General estimates that 10% of health care spending is lost to fraud, waste, and abuse—costs that are directly passed on to employers and families.
- Over the past three years, Texas employers and families have experienced a 16% increase in health care costs. Texas ranks 5th among all states in health care spending.
- While the state proactively investigates fraud and abuse in Medicaid and Medicare, the same protections aren't in place for employers and families with private coverage.

Exposing Rampant Fraud, Waste, and Abuse in Health Care

- **Tenet Healthcare Settlement:** A Dallas-based health system paid over \$500 million in fines and settlements for illegal kickbacks and improper Medicaid billing.
- **Telemedicine Fraud:** A \$1.2 billion nationwide scheme involved bribing providers to order unnecessary durable medical equipment, mainly affecting Medicare but also mirroring practices against private insurers.
- **Medicaid Fraud Investigations:** The Medicaid Fraud Control Unit recovers tens of millions annually from fraudulent overbilling and falsified claims by providers, showing the potential for substantial savings when adequate resources and authority are available.
- **\$72 Million in Emergency Billing Settlements:** The Texas OIG secured \$72 million from two hospital systems for improper emergency billing. Although focused on Medicaid, similar abuses also affect commercial insurers, raising costs for employers and families.

HB 4012 Strengthens Enforcement and Expands Investigations to Combat Health Care Fraud, Waste, and Abuse

- **Fraud Prevention Collaboration:** Integrates private health insurers into the Texas Fraud Prevention Partnership, boosting cooperation and information sharing with the Office of Inspector General for more effective fraud prevention.
- **Expanded TDI Investigations:** Updates the Penal Code to apply the same Medicaid fraud offenses to commercial health plans, requires TDI to prioritize these investigations, and allows the agency to keep half of any recovery, providing TDI with the needed resources to pursue these complex fraud cases effectively.
- **Empowering Whistleblower Claims:** Mirrors the Texas Medicaid Fraud Prevention Act by extending allowances for citizens to report health care fraud and share in recovery awards with state regulatory agencies, boosting incentives to report fraud.