

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

As Engrossed: H2/27/25

A Bill

HOUSE BILL 1314

5 By: Representative L. Johnson
6 By: Senator Irvin
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING CERTAIN AUDITS OF
10 HEALTHCARE PROVIDERS; TO CREATE THE ARKANSAS MEDICAL
11 AUDIT BILL OF RIGHTS ACT; AND FOR OTHER PURPOSES.
12
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Subtitle

15 TO AMEND THE LAW CONCERNING CERTAIN
16 AUDITS OF HEALTHCARE PROVIDERS; AND TO
17 CREATE THE ARKANSAS MEDICAL AUDIT BILL
18 OF RIGHTS ACT.
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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22 SECTION 1. Arkansas Code Title 23, Chapter 99, is amended to add an
23 additional subchapter to read as follows:
24

Subchapter 19 – Arkansas Medical Audit Bill of Rights Act

23-99-1901. Title.

28 This subchapter shall be known and may be cited as the "Arkansas
29 Medical Audit Bill of Rights Act".
30

23-99-1902. Definitions.

32 As used in this subchapter:

33 (1) "Audit" means an investigation or review of a claim
34 submitted by a healthcare provider if the investigation or review:

35 (A) Is conducted by an auditor; and

36 (B) Involves records, documents, or information other than



1 the filed claim;

2 (2) "Auditor" means:

3 (A) An insurance company;

4 (B) A third-party payor; or

5 (C) An entity that represents a responsible party,

6 including a company or group that administers claims services;

7 (3)(A) "Clerical or recordkeeping error" means a mistake in the
8 filed claim regarding a required document or record.

9 (B) "Clerical or recordkeeping error" includes without
10 limitation:

11 (i) A typographical error;

12 (ii) A scrivener's error; or

13 (iii) A computer error; and

14 (4) "Healthcare provider" means a person who is licensed,
15 certified, or otherwise authorized by the laws of this state to administer
16 healthcare services.

17
18 23-99-1903. Arkansas Medical Audit Bill of Rights.

19 (a) Notwithstanding any other law, when an audit is conducted by an
20 auditor, the audit shall be conducted according to the following bill of
21 rights:

22 (1) An auditor conducting the initial on-site audit shall give
23 the healthcare provider notice of the audit at least one (1) week before
24 conducting the initial on-site audit for each audit cycle;

25 (2) An audit that involves the application of clinical or
26 professional judgment shall be conducted by or in consultation with a
27 pharmacist;

28 (3)(A) A clerical or recordkeeping error shall not:

29 (i) Constitute fraud; or

30 (ii) Be subject to criminal penalties without proof
31 of intent to commit fraud.

32 (B) A claim arising under subdivision (a)(3)(A)(i) of this
33 section may be subject to recoupment;

34 (4)(A) A finding of an overpayment or underpayment of a filed
35 claim may be a projection based on the number of patients served by the
36 healthcare provider having a similar diagnosis.

1 (B) Recoupment of claims under subdivision (a)(4)(A) of
2 this section shall be based on the actual overpayment unless the projection
3 for overpayment or underpayment is part of a settlement by the healthcare
4 provider;

5 (5)(A) When an audit is for a specifically identified problem
6 that has been disclosed to the healthcare provider, the audit shall be
7 limited to a claim that is identified by a claim number.

8 (B) For an audit other than that described in subdivision
9 (b)(5)(A) of this section, the audit shall be limited to twenty-five (25)
10 randomly selected claims.

11 (C) If an audit reveals the necessity for a review of
12 additional claims, the audit shall be conducted on site.

13 (D) Except for an audit initiated under subdivision
14 (b)(5)(A) of this section, an auditor shall not initiate an audit of a
15 healthcare provider more than two (2) times in a calendar year;

16 (6) A recoupment shall not be based on:

17 (A) Documentation requirements in addition to the
18 requirements for creating or maintaining documentation prescribed by the
19 Arkansas State Board of Pharmacy, the Arkansas State Medical Board, or as
20 prescribed by federal law or regulation; or

21 (B) A requirement that a healthcare provider perform a
22 professional duty in addition to the professional duties prescribed by the
23 Arkansas State Medical Board;

24 (7)(A) Recoupment shall only occur following the correction of a
25 claim and shall be limited to amounts paid in excess of amounts payable under
26 the corrected claim.

27 (B) Following a notice of overpayment, a healthcare
28 provider shall have at least sixty (60) days to file a corrected claim;

29 (8) Approval of a healthcare service, healthcare provider, or
30 patient eligibility upon adjudication of a claim shall not be reversed unless
31 the healthcare provider obtained the adjudication by fraud or
32 misrepresentation of claim elements;

33 (9) Each healthcare provider shall be audited under the same
34 standards and parameters as other similarly situated healthcare providers
35 audited by the auditor;

36 (10) A healthcare provider shall be allowed at least sixty (60)

1 days following receipt of the preliminary audit report in which to produce
2 documentation to address any discrepancy found during the audit;

3 (11) The period covered by an audit shall not exceed twenty-four
4 (24) months from the date the claim was submitted to or adjudicated by an
5 auditor;

6 (12)(A) The preliminary audit report under subdivision (a)(10)
7 of this section shall be delivered to a healthcare provider within one
8 hundred twenty (120) days after the conclusion of the audit.

9 (B) A final audit report shall be delivered to the
10 healthcare provider within six (6) months after receipt of the preliminary
11 audit report or receipt of the final appeal as provided for in this
12 subsection, whichever is later; and

13 (13) Notwithstanding any other provision in this section, the
14 auditor conducting the audit shall not use the accounting practice of
15 extrapolation in calculating recoupments or penalties for audits.

16 (b) A recoupment of any disputed funds shall only occur after final
17 internal disposition of the audit, including the appeals process as described
18 in subsection (c) of this section.

19 (c)(1) An auditor that conducts an audit shall:

20 (A) Establish an appeals process under which a healthcare
21 provider may appeal an unfavorable preliminary audit report to the auditor;
22 and

23 (B) Provide a copy of the final audit report to the health
24 benefit plan sponsor after the completion of any review process.

25 (2) If following the appeal under subdivision (c)(1)(A) of this
26 section the auditor finds that an unfavorable audit report or any portion of
27 the unfavorable audit report is unsubstantiated, the auditor shall dismiss
28 the audit report or the unsubstantiated portion of the audit report without
29 any further proceedings.

30 (d) The total amount of any recoupment on an audit shall be refunded
31 to the party responsible for payment of the claim.

32 (e) This section does not apply to:

33 (1) Any audit on behalf of the Arkansas Medicaid Program
34 conducted by the Department of Human Services or its designee; or

35 (2) Any audit, review, or investigation that involves alleged
36 fraud, willful misrepresentation, or abuse, including without limitation:

- 1 (A) Fraud involving the Arkansas Medicaid Program as described
2 in § 5-55-111;
3 (B) Abuse as defined in § 20-77-1702;
4 (C) Fraud as defined in § 20-77-1702; or
5 (D) Insurance fraud.
6 (f) The Insurance Commissioner shall promulgate rules to implement,
7 administer, and enforce this subchapter.

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/s/L. Johnson