AN ACT CONCERNING AUDITS BY THE DEPARTMENT OF SOCIAL SERVICES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (d) of section 17b-99 of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2010):

(d) The Commissioner of Social Services, or any entity with whom the commissioner contracts, for the purpose of conducting an audit of a service provider that participates as provider of services in a program operated or administered by the department pursuant to this chapter or chapter 319t, 319v, 319y or 319ff, shall conduct any such audit in accordance with the provisions of this subsection. For purposes of this subsection "provider" means a person, public agency, private agency or proprietary agency that is licensed, certified or otherwise approved by the commissioner to supply services authorized by the programs set forth in said chapters.

(1) Not less than thirty days prior to the commencement of any such audit, the commissioner, or any entity with whom the commissioner...
contracts to conduct an audit of a participating provider, shall provide
written notification of the audit to such provider, unless the
commissioner, or any entity with whom the commissioner contracts to
conduct an audit of a participating provider makes a good faith
determination that (A) the health or safety of a recipient of services is
at risk; or (B) the provider is engaging in vendor fraud. A copy of the
regulations established pursuant to subdivision (12) of this subsection
shall be appended to such notification.

(2) Any audit conducted pursuant to this subsection shall be limited
to a review of claims filed during the two-year period prior to the date
the provider receives written notice from the commissioner of the
audit, pursuant to subdivision (1) of this subsection, or two hundred
claims, whichever is less.

[(2)] (3) Any clerical error, including, but not limited to,
recordkeeping, typographical, scrivener's or computer error,
discovered in a record or document produced for any such audit, shall
not of itself constitute a wilful violation of program rules and shall not
be used as the basis for extrapolated projections unless proof of intent
to commit fraud or otherwise violate program rules is established.

[(3)] (4) A finding of overpayment or underpayment to a provider in
a program operated or administered by the department pursuant to
this chapter or chapter 319t, 319v, 319y or 319ff, shall not be based on
extrapolated projections unless (A) there is a sustained or high level of
payment error involving the provider, the payment error rate
involving the provider exceeds ten per cent, or (B) documented
educational intervention has failed to correct the level of payment
error, or (C) the value of the claims in aggregate exceeds one
hundred fifty thousand dollars on an annual basis.

[(4)] (5) A provider, in complying with the requirements of any such
audit, shall be allowed not less than thirty days to provide
documentation in connection with any discrepancy discovered and
brought to the attention of such provider in the course of any such
audit.

[(5)] (6) The commissioner, or any entity with whom the commissioner contracts, for the purpose of conducting an audit of a provider of any of the programs operated or administered by the department pursuant to this chapter or chapter 319t, 319v, 319y or 319ff, shall produce a preliminary written report concerning any audit conducted pursuant to this subsection, and such preliminary report shall be provided to the provider that was the subject of the audit, not [more] later than sixty days after the conclusion of such audit.

[(6)] (7) The commissioner, or any entity with whom the commissioner contracts, for the purpose of conducting an audit of a provider of any of the programs operated or administered by the department pursuant to this chapter or chapter 319t, 319v, 319y or 319ff, shall, following the issuance of the preliminary report pursuant to subdivision [(5)] (6) of this subsection, hold an exit conference with any provider that was the subject of any audit pursuant to this subsection for the purpose of discussing the preliminary report.

[(7)] (8) The commissioner, or any entity with which the commissioner contracts, for the purpose of conducting an audit of a service provider, shall produce a final written report concerning any audit conducted pursuant to this subsection. Such final written report shall be provided to the provider that was the subject of the audit not [more] later than sixty days after the date of the exit conference conducted pursuant to subdivision [(6)] (7) of this subsection, unless the commissioner, or any entity with which the commissioner contracts, for the purpose of conducting an audit of a service provider, agrees to a later date or there are other referrals or investigations pending concerning the provider.

[(8)] (9) Any provider aggrieved by a decision contained in a final written report issued pursuant to subdivision [(7)] (8) of this subsection, may, not later than thirty days after the receipt of the final report, request, in writing, a review on all items of aggrievement. Such
request shall contain a detailed written description of each specific item of aggrievement. The designee of the commissioner who presides over the review shall be impartial and shall not be an employee of the Department of Social Services Office of Quality Assurance or an employee of an entity with whom the commissioner contracts for the purpose of conducting an audit of a service provider. Following review on all items of aggrievement, the designee of the commissioner who presides over the review shall issue a final decision.

(10) The provider shall have the right to appeal a final decision to the Superior Court in accordance with the provisions of chapter 54.

[(9)] (11) The provisions of this subsection shall not apply to any audit conducted by the Medicaid Fraud Control Unit established within the Office of the Chief State's Attorney.

(12) The commissioner shall adopt regulations, in accordance with the provisions of chapter 54, to carry out the provisions of this subsection and to ensure the fairness of the audit process, including, but not limited to, the sampling methodologies associated with the process.

This act shall take effect as follows and shall amend the following sections:

| Section 1 | July 1, 2010 | 17b-99(d) |

Statement of Purpose:
To change the procedure for audits conducted by the Department of Social Services and to provide a right of appeal.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]