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Dedicated to Creating the Future of Aging Services

**Testimony of the
Connecticut Association of Not-for-profit Providers For the Aging**

Presented to the Human Services Committee

By Mag Morelli

March 2, 2010

Regarding

- **Senate Bill 283, An Act Concerning Audits by the Department of Social Services**
- **House Bill 5354, An Act to Provide Incentives for Hospital to Adopt Electronic Health Records**
- **House Bill 5232, An Act Concerning Transfer or Discharge of Residential Care Home Patients**

Good morning Senator Doyle, Representative Walker, and members of the Human Services Committee. My name is Mag Morelli and I am the President the Connecticut Association of Not-for-profit Providers for the Aging (CANPFA), an organization of over 150 non-profit providers of aging services representing the full continuum of long term care. I am here today to present testimony in favor of Senate Bill 283, An Act Concerning Audits by the Department of Social Services and House Bill 5354, An Act to Provide Incentives for Hospital to Adopt Electronic Health Records, and against House Bill 5232, An Act Concerning Transfer or Discharge of Residential Care Home Patients

Senate Bill 283, An Act Concerning Audits by the Department of Social Services
CANPFA supports this bill and has long called for modifications to the audit process to make it more effective and efficient, as well as less costly for the providers. Therefore we support this bill which we believe would bring efficiency to the audit process and encourage the state to perform their audits in a timelier manner.

Currently the Department has up to seven years to perform an audit of a skilled nursing facility provider's cost report. The providers, and particularly the smaller providers, are at a disadvantage when their cost reports are audited after such a long period of time. The documentation requirements are very strict and a late audit may require hard copy financial documentation of invoices and cancelled checks from over ten years ago. The hours of staff time spent researching and retrieving documentation for an overdue audit can be very costly for a facility. As you can imagine, the changes in staffing, software and bookkeeping systems over the years can exacerbate this problem. And most upsetting, when a bookkeeping error is found after ten or so years, the extrapolation of that error can mean thousands of dollars in penalties – not because the error was intentional or egregious, but just because it happened so long ago. In fact, there have been cases where the auditor approved a nursing facility's bookkeeping method– but several years later the next auditor did not agree. The facility was then penalized for utilizing that previously approved method for the several years that ensued between audits.

The modifications to the audit process proposed in Senate Bill 283 would go a long way to resolve these issues. We would suggest a few minor changes to the proposed language:

- In the new section (2) we would request that the concept of cost reports audits be referenced and accommodated so that it would read “...*shall be limited to a review of claims OR COST REPORTS 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, IN THE CASE OF FEE FOR SERVICE REIMBURSEMENT, two hundred claims, whichever is less.*” This change is necessary to accommodate skilled nursing facility cost report audits that are included in this bill.
- In the new section (4) we would suggest maintaining the “*sustained or high level of payment error*” standard rather than the 10% error rate and would eliminate the \$150,000 cap. Limiting extrapolation in this manner brings the Medicaid audit process in line with Medicare standards under the Medicare Modernization Act.

House Bill 5354, An Act to Provide Incentives for Hospital to Adopt Electronic Health Records

CANPFA supports the state's efforts to secure private and federal funds for investment in health information technology and the development of a state-wide health information exchange. We would like to raise awareness with the Committee that long term care providers are very important electronic health record users and that the successful

implementation of health information technology across the full continuum of health care, including long term care, is extremely important to successful health care transitions and outcomes.

House Bill 5232, An Act Concerning Transfer or Discharge of Residential Care Home Patients

CANPFA does not feel that the proposed changes in House Bill 5232 are necessary and therefore we do not support it. Currently, if a family member or representative party wishes to challenge a discharge and does not want to hire an attorney, there is no reason why the person cannot represent the resident at the hearing. To the extent a resident or representative does not feel capable of representing the resident themselves, they can ask for assistance from legal services. Again, we are not aware of a resident need or demand for utilizing state personnel for this purpose and therefore cannot support this bill at this time.

We thank you for allowing us to comment on these bills and look forward to working with you.

Respectfully submitted,

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