

*Statement Before:
The Human Services Committee
Tuesday, March 2, 2010*

Re: RB 283: An Act Concerning Audits by the Department of Social Services

Good morning Rep. Walker, Sen. Doyle and members of the Human Services Committee. My name is Margherita Giuliano. I am a pharmacist and the Executive Vice President of the Connecticut Pharmacists Association. The Connecticut Pharmacists Association is a professional organization representing approximately 1,000 pharmacists in the state. I am here to testify in strong support of RB 283: An Act Concerning Audits by the Department of Social Services.

The Connecticut Pharmacists Association was the lead organization in spearheading audit reform within the Department of Social Services several years ago. Our intent was to provide relief to pharmacies that were taking unfair financial hits through the department's practice of extrapolation. New legislation was passed in 2005 helping improve this situation. However, the inclusion of section (d)3(C) in current law, which allows extrapolation when "the value of the claims in aggregate exceeds one hundred fifty thousand dollars on an annual basis" virtually excludes every pharmacy in this state. What this means specifically to pharmacies, is that they continue to be unfairly treated in terms of shouldering significant and unwarranted financial fines.

To this point, we endorse and strongly support RB 283 as it attempts to clarify what audits allow as well as it strengthens the ability of providers to be protected when clerical vs. fraudulent issues are found. In Section I (d) (2) the time period and number of claims allowed for review is defined. Additionally, Section I(d)(3) clarifies that clerical errors cannot be the basis of extrapolation. Most audits reveal clerical errors from part-time clerks. These errors have come at great expense to pharmacies. For example, one pharmacy is currently opposing a fine because a prescription did not include a diagnosis code on the hard copy, but the computer records did. For this, the state is fining the pharmacy \$324,000. Another pharmacy reported a bill of \$200,000 for this same issue.

We also support Subsection (4) for several reasons. It states that extrapolation can only occur when the payment error rate involving the provider is greater than 10 percent and removes the language that allowed for extrapolation if the claims in aggregate exceeded \$150,000. This is critical to pharmacies as most do have claims in aggregate in excess of \$150,000 due to the cost of pharmaceuticals and the number of prescriptions processed. In other words, currently all pharmacies are still subject to extrapolation

Additionally, we are supportive of Section 12. Section 12 states that the department must adopt regulations ensuring the fairness of the audit process, including sampling methodologies. It seems as though there is significant bias in the current process for claim selection in that selection tends to be only those claims that are extremely expensive thus ultimately benefiting the state and hurting the pharmacy.

We urge the committee to support this legislation. With the addition of new auditors, we know that the state will be vigilant to recoup funds. We just ask that it be for the appropriate reasons of fraud, waste or abuse, not clerical or technical errors.