

**Judiciary Committee
Public Hearing**

March 13, 2013

Testimony of

Leo Arnone, Commissioner

Department of Correction

HB 6583, AAC The Containment Of Correctional Health Care Costs

Thank you for the opportunity to submit testimony in opposition to HB 6583, AAC the Containment of Correctional Health Care Costs.

This bill requires DOC to enter into an agreement with a company who has a technology-based model to review provider bills for accuracy in order to improve cost containment for correctional health care. As the Department works closely with Correctional Managed Health Care at the UConn Health Center to contain medical costs, this type of model could be explored, however, the Department is not supportive of mandating this requirement.

In FY'12 outpatient services provided to inmates by providers not employed by UCHC/CMHC account for \$4.5 million of the total \$85.6 million Inmate Medical Services appropriation. There are current processes in place to review all outpatient claims ensuring that the person was incarcerated at the time of service, the claim is less than one year old, the service was authorized through the utilization review process and the payment is made at appropriate Medicaid rates. Any new/additional system review could slow payments to providers and would likely require either staff time to provide data or to develop interfaces with the vendor. Many of the providers provide paper billing statements. While the current audit process is not completely automated, there is an audit process in place; therefore, it is unclear what savings, if any, would be realized.

As of October 1, 2011 Connecticut began billing Medicaid for eligible inpatient costs permitted by federal law. Therefore this requirement is not needed as billing Medicaid for eligible inpatient costs has already been implemented.

In contrast to the national trend represented by the proponent of the legislation, rather than rising 10% per year, Connecticut correctional healthcare costs have been declining over the last five years through aggressive expense management

Connecticut Correctional Health Care Costs-

Fiscal Year	Expenses	Inmate Population	Cost per Inmate	Total Cost	% Change
2009	\$99,453,348	20,089	\$4,951		-2.7%
2010	\$91,995,699	19,312	\$4,764		-7.5%
2011	\$91,019,016	18,906	\$4,814		-1.1%
2012	\$86,905,433	18,353	\$4,735		-4.5%
2013-proj	\$85,629,399	18,353	\$4,666		-1.5%

In Fiscal Year 2011, Connecticut began billing Medicaid for eligible inpatient hospital costs as permitted by federal law, enabling the State to collect a 50% match on expenses from the federal government.

Over 65% of Connecticut Correctional healthcare costs are in personal services/salaries paid to state employees who deliver care in the state's 16 CDOC facilities. About 12% of the expense is related to the cost of pharmaceuticals. From FY09-FY12 the state has realized significant savings (a total of \$6.9m) in pharmaceutical purchases, with Correctional Managed Health Care at the UConn Health Center, taking advantage of 340B pricing.

In FY 12 approximately, \$4.5 million is attributable to medical expenses billed by outside providers. These providers are paid the state Medicaid rate for services provided. There are currently processes in place to review CPT codes and ensure service providers are paid the relevant Medicaid rate. Large outpatient claims are subject to further manual review based on expected treatment and authorization.

The proposed legislation would require an automated process to review provider claims using reimbursement models. The intent seems to be to hire the services of a vendor whose services would be paid for out of any recovery due to their claims audit process. While the current process is not automated, charges in excess of \$10,000 are already reviewed. It is therefore unclear what if any savings would be realized.

Thank you for your time and please contact my office should you have any questions or concerns regarding my testimony.