



Community Health Center Association of Connecticut

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Testimony of

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House Bill 5500: An Act Concerning Provider Audits under the Medicaid Program
Human Services Committee

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Thank you for this opportunity to **provide support** for House Bill 5500, An Act Concerning Provider Audits under the Medicaid Program.

The Community Health Center Association of Connecticut (CHCACT) is a nonprofit organization that exists to advance the common interests of Connecticut's federally qualified health centers (FQHCs) in providing quality health care. Through training, technical assistance, public policy work and other initiatives, CHCACT supports the 14 FQHCs in their provision of comprehensive medical, oral and behavioral health care to over 340,000 residents across the state every year.

A profile of FQHC patients in Connecticut (2012):

- 95% low income (under 200% of federal poverty level)
- 60% Medicaid/HUSKY
- 23% uninsured
- 14,787 homeless
- 73% racial/ethnic minorities

CHCACT supports the auditing of providers of Medicaid services, which are essential to identifying fraud and abuse of the Medicaid system. However, the current audit methodology places undue hardships on FQHCs and other providers by asking for excessive, overbroad information, including that related to non-state grants, employee compensation and funding in years not included in the audit.

Therefore, CHCACT thanks the Committee for proposing this legislation, which would go a long way toward improving the audit process.

Specifically, CHCACT supports:

- The requirement for DSS to provide training to new providers to help them avoid clerical error. CHCACT requests that this training be ongoing, as FQHCs and other health care providers hire new billers/coders on a continual basis.
- The limitation of scope to information necessary to support claims only.

- The proposed elimination of payment incentives for contractors performing provider audits based on the amount of overpayment by the Medicaid program to the provider.

CHCACT also offers the following suggestions:

- CHCACT supports the reexamination of the extrapolation process – but would recommend further tightening of the process than that proposed in the bill. Specifically, we strongly urge that extrapolation of audit findings occur only in cases where the error or defect occurs in more than 5% of the sampled claims. Errors that occur in less than 5% of the sampled claims should be considered immaterial and should not trigger extrapolation to all claims. Clarity regarding the methodology the State uses for the statistical sampling and the calculations used for extrapolation must be clear in order to prevent provider reimbursement from being unfairly and, in some cases, drastically reduced.
- There is a need for clear distinction between clerical errors and fraudulent documentation. Where the audit findings involve claims where the error or defect is procedural, and there is no intent to falsify or defraud, and the services provided to a Medicaid enrollee meet the definition of medical necessity, providers must be allowed to correct the defect and resubmit the claim within sixty (60) days before payment is denied for those claims and before extrapolation to other claims is calculated.

During this era of implementation of health reform, the FQHCs continue to be a critical part of the state's public health care system, providing care to some of the neediest residents of our state. In fact, FQHCS like hospitals are some of the only health care providers that turn no one away, including immigrants – both legal immigrants who have been here fewer than five years (and are therefore ineligible for Medicaid), and undocumented immigrants. Based on the experiences of Massachusetts, the role of health centers will likely increase with the increase in health insurance enrollment. The State's support in not making the audit process unduly cumbersome or punitive is critical to keeping administrative costs in check for all Medicaid providers, but most especially those who bear the heaviest burden of providing care to patients unable to pay for services.

I ask this Committee to report favorably on this bill and continue your historical support of health centers. Thank you.