



CT Community Providers Association
Caring for Connecticut

To: Members of the Human Services Committee

From: Morna Murray, President and CEO

Re: HB 5500, AN ACT CONCERNING PROVIDER AUDITS UNDER THE MEDICAID PROGRAM

Date: March 13, 2014

Good afternoon Senator Slossberg, Representative Abercrombie, and distinguished members of the Human Services Committee. My name is Morna Murray and I am the President and CEO of the Connecticut Community Providers Association (CCPA). CCPA represents community-based organizations that provide health and human services for children, adults, and families in multiple areas, including mental health, substance use disorders, and developmental disabilities. Our members serve more than 500,000 people each year.

I am here today to strongly support HB 5500, a bill that responds to critical concerns raised by community providers and others with respect to the transparency and conduct of audits under the Medicaid program.

Let me note at the outset that CCPA is firmly in favor of audits under the Medicaid program, believes they are necessary, and is vehemently opposed to any form of fraud or abuse in the program. We simply want audits to be fair, consistent, and equitable, as they are meant to be.

There are, however, challenges with the current methodology of the audits which can create unintended and sometimes catastrophic results for community providers who may have a clerical error on Medicaid claims that then can result in a penalty hundreds of times that amount. In some cases, a penalty that literally threatens the financial viability of a provider.

First, I would like to list the many improvements that HB 5500 makes:

- HB-5500 ensures that audits of providers who receive payments under the state Medicaid program are performed fairly and accurately.
- HB 5500 ensures that a contractor acting on behalf of the Department of Social Services shall have access only to information relevant to the audit, no access is authorized to information that is confidential or prohibited from disclosure by law.
- HB 5500 eliminates the potential for any possible conflict of interest, in that it does not allow payment to the auditor to be based upon the finding as determined by that auditor that is due to Medicaid.
- The process of "extrapolation" is limited to claims based on a sample of "like claims," not based on the entire number of claims billed by a provider.

As I know you all have heard, there are many instances in which providers have had findings that "extrapolate" or "multiple out" (which is done over a period of 3 years) what might be a very small

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amount, and more often than not a clerical error, which then turns into a very large penalty the provider is expected to pay. The provider must then hire legal counsel to clarify this finding, and obviously must pay for that representation as well.

One final mention – while somewhat ancillary to this bill, it is still extremely pertinent. The amount set aside in the state budget as revenue from Medicaid fraud and abuse (\$64 million for FY 14 and \$103 million for FY 15) is ambitious at best. We believe it is unrealistic, given that research shows actual fraud and abuse in the system to be fairly low. A 2013 survey by Pew Research found the overall Medicaid fraud rate to be 7%, and this figure includes mistakes such as clerical errors.

Dedicating such a large revenue figure for the state derived from excessive extrapolation of what are often simply clerical errors by community providers who are underfunded and have been for decades, seems to us to be a case of misplaced priorities.

Respectfully, we have two requests regarding HB 5500. First, we would like to ask that all providers, not just new providers, be provided free training in avoiding clerical errors on claims [Paragraph (b)].

Secondly, we respectfully request that the term “like claims” [Paragraph (d)] be defined in the definitions section of this bill so that there any lack of clarity is avoided.

Again, we thank the Committee for paying attention to this important issue and providing the transparency it demands.

Thank you very much for your time and consideration. I would be happy to answer any questions you may have or provide any additional information. Please feel to contact me at (860) 257-7909 or mmurray@ccpa-inc.org.