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Testimony Submitted to the Human Services Committee:

Submitted By: Chet Doheny, Executive Director
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Public Hearing Date: March 13, 2014

Support and Recommendations Regarding:

Raised H.B. No. 5500: 'An Act Concerning Provider Audits Under the Medicaid Program'

Senator Slossberg, Representative Abercrombie, and distinguished members of the Human Services Committee: I appreciate the opportunity to provide testimony regarding these important issues. I am Chet Doheny, Executive Director of ICES Inc. Our agency is a multidimensional and innovative human services company serving the needs of children and adults since 1998. ICES, Inc. offers a broad range of residential, vocational, clinical and support services in diverse settings. We serve individuals in private residences, public schools, respite cares, emergency placements, community work sites, training centers, individualized home supports, continuous residential supports, and our own state-licensed group homes. ICES, Inc. specializes in serving individuals with cognitive disorders, mental illness, and who are in the autistic spectrum. During our years of service we have been extremely successful in decreasing challenging behaviors, while providing support to promote independence. We are among the 500+ member agencies of the Connecticut Association of Nonprofits (CT Nonprofits.)

We support the concepts presented in the proposed legislation and applaud the Committee for developing the proposed process to ensure that audits of providers who receive payments under the state Medicaid program are performed 'fairly and accurately.' We urge passage of HB. No. 5500 with additional recommendations as outlined below.

In particular, we support the following aspects of the proposed legislation:

- * The proposed requirement for the DSS to provide 'free training for new providers on how to enter claims to avoid clerical errors.' (Section 1b)
- * The limitation of scope to information necessary to support claims only. (Section 1c).
- * The proposed requirement for the DSS to reexamine the extrapolation process and the process to establish which provider would be subject to an audit as follows '... only perform an extrapolation of claims based on a sample of like claims and shall not perform such extrapolation based on the entire number of claims billed by any one provider. In determining which providers shall be subject to an audit, the department shall direct its efforts first to providers with a higher compliance risk based on past audits or errors.(section 1d)

- * The proposed shift in policy that would prevent the DSS from issuing payment to a contractor performing a provider audit ‘...on the basis of the amount of overpayment by the Medicaid program to the provider as determined by the provider audit.’ (section 1e)

In addition, we respectfully submit the following recommendations related to the proposed legislation:

- * Streamlined process to increase efficiencies: Since the process described is that of an ‘audit’ as opposed to an ‘investigation,’ it would behoove all parties to provide at least a portion of the targeted information to be audited, in advance of the actual audit. A great deal of time and resources are lost (on both sides) due to the need for provider agencies to gather requested information while DSS auditors are present. The amount of time and resources spent both a) for a provider to interrupt operations and dedicate an increased number of staff to the process at one time, and b) for DSS auditors to literally wait while agency staff gather the required information (which may be a period of several hours – if not days) cannot be overstated. The inefficiency in this process as it currently stands invariably has a great impact on the anticipated ‘Cost Savings’ of the outcome.

Consequences that are appropriate to any identified discrepancies/concerns: We recommend that there is a need for clear distinction between clerical errors and fraudulent documentation. It would stand to reason that there would be necessary ‘penalties’ for fraudulent documentation. However, in situations where there has clearly been an error that is clerical in nature, we propose that there would be a ‘penalty’ with an established ‘ceiling.’ As this is the first round of audits on a relatively new system of payment, it is recommended that the audits should be corrective in nature and not punitive. Paying for exuberant penalties would be difficult and detrimental to the overall goal of the agencies and the human service community as a whole. Agencies are limited in the capital that can be accumulated, due to restriction within the contracts with State agencies, as well as a continuing reduction of rates for services. Due to these restrictions agencies are aggressively reviewing costs just to maintain a proper level of client care service. If burdened by an unfair and disproportionate penalty, due to an honest clerical error, may cause the closure of agencies.

Thank you again for your time and consideration. Please do not hesitate to contact me with any questions, or for additional information.

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