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nonprofit community.

*Testimony Submitted to the Human Services Committee:*

Submitted By: Julia Wilcox, Senior Public Policy Specialist, CT Nonprofits

Public Hearing Date: March 13, 2014

*Support and Recommendations Regarding:*

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

Good Afternoon, Senator Slossberg, Representative Abercrombie, and distinguished members of the Human Services Committee: I appreciate the opportunity to provide testimony regarding these important issues. My name is Julia Wilcox, Senior Public Policy Specialist for the Connecticut Association of Nonprofits (CT Nonprofits.) CT Nonprofits is a membership organization that represents more than 525 mission-based, nonprofit agencies. Approximately 300 of our member organizations contract with state government for a variety of human and social services.

CT Nonprofits supports the concepts presented in the proposed legislation. We 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.' The nonprofit provider community remains committed to producing high quality outcomes that meet the rising demand for services, and ensure the highest quality of care. Our member organizations welcome the opportunity to utilize quality assurance systems which accurately portray the value and quality of services and protect the citizens of Connecticut from fraud or abuse of any kind.

We urge passage of HB. No. 5500 with additional recommendations as outlined below.

In particular, CT Nonprofits support the following aspects of the proposed legislation:

1. The proposed requirement for the DSS to provide 'free training for new providers on how to enter claims to avoid clerical errors.' (Section 1b)
2. The limitation of scope to information necessary to support claims only. (Section 1c).
3. The proposed requirement for the DSS to reexamine the extrapolation process and the process to establish which providers 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)
4. 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, CT Nonprofits respectfully submits the following recommendations:

1. Develop a 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.
2. Establish consequences that are appropriate to any identified discrepancies/concerns: We recommend that there is a clear distinction established 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.’
3. Evaluate the overarching ‘tone’ of the Medicaid Audit Process: As this is the first round of audits on a relatively new system of payment, it is recommended that the audits should be implemented in a manner which is corrective in nature as opposed to punitive. The nonprofit organizations involved, are primarily funded by the State of Connecticut. Therefore, funds necessary to repay audit findings will likely result in cuts to program service /client care needs.
4. Develop a Medicaid Audit Implementation Taskforce: As the State moves forward to implement the proposed legislation, there would be a great deal of value in bringing together an appointed group of stakeholders to explore the process. It would be critical to include Provider representatives who are funded by various state agencies and have experienced the Medicaid Audit process firsthand. Their perspective and input would be invaluable in making informed decisions/recommendations.

In the past, CT Nonprofits has provided testimony regarding the process of utilizing anticipated Medicaid Audit findings as a mechanism for targeted cost-savings measures. These estimated savings have not been realized in the past, while the process (as implemented at this time) continues to utilize and redirect valuable resources from the very programs which operate in partnership with the state to provide services.

In closing, CT Nonprofits supports the Committee and the Department of Social Services, in their efforts to continually improve upon the delivery of services and assuring the highest standards in terms of accountability. We welcome the opportunity to serve as a resource as the State moves forward to implement the proposed legislation.

I thank you for your time and consideration of these critically important issues. As always, please do not hesitate to contact me at any time, with questions, or for additional information:

Julia Wilcox, Senior Public Policy Specialist  
Connecticut Association of Nonprofits (CT Nonprofits)

[JWilcox@ctnonprofits.org](mailto:JWilcox@ctnonprofits.org) 860.525.5080 ext. 25