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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: February 11, 2015 - The Southington Municipal Center

Support and Recommendations Regarding:

Proposed H.B. No. 6550: AN ACT CONCERNING MEDICAID PROVIDER AUDITS.

To ensure that audits of Medicaid providers are conducted in a fair and reasonable manner.

Good Evening, Senator Moore, Representative Abercrombie, Senator Slossberg, Representative McGee and distinguished members of the Human Services Committee: I appreciate the opportunity to provide testimony regarding this important legislation. 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 500 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 your efforts to develop the proposed process to ensure that audits of providers who receive payments under the state Medicaid program are conducted 'in a fair and reasonable manner. 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. The member organizations of CT Nonprofits 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 H.B. No. 6550 with additional recommendations as outlined below.

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

That subsection (d) of section 17b-99 of the general statutes be amended to establish:

1. Clear parameters governing the use of extrapolation in Medicaid provider audits
2. Specific minimum standards for statistical sampling, including a minimum error rate and types of statistical sampling that may be used.
3. Acceptable methods by which providers may challenge extrapolated findings of overpayment
4. Requirements concerning transparency, outreach and education by the Department of Social Services to reduce provider errors.

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.

In the past, CT Nonprofits has provided testimony regarding the past 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.

During the 2014 Legislative Session, CT Nonprofits submitted many recommendations related to the original legislation: House Bill No. 5500 / Public Act No. 14-162: 'An Act Concerning Provider Audits Under the Medicaid Program' We sincerely appreciate that so many of our recommendations were included in the final legislation, and we look forward to continuing this important progress.

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:

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