
OLR Bill Analysis

sHB 6091

AN ACT CONCERNING AN EQUITABLE MEDICAID AUDIT, BILLING AND REIMBURSEMENT POLICY FOR PHARMACIES.

SUMMARY

This bill establishes certain requirements for Medicaid audits, notices, and grievance processes for pharmacies participating in Medicaid.

First, the bill prohibits the Department of Social Services (DSS) from using data extrapolation stemming from clerical or minor technical errors found in a DSS pharmacy audit as a basis for denying Medicaid reimbursements. Existing law requires DSS to use a statistically valid sampling and extrapolation methodology for Medicaid provider audits (see BACKGROUND).

The bill requires the DSS commissioner to (1) provide a process to confirm a pharmacy's receipt of any DSS notices, including billing notices; (2) maintain a reliable database accessible to a pharmacy of DSS's preferred drug list; and (3) update the database with real-time information on drug approvals and denials for inclusion on the list. Existing law authorizes DSS to use a preferred drug list in the Medicaid program. Nonpreferred drugs in the classes of drugs on the list are subject to prior authorization requirements (CGS § 17b-274d).

Lastly, the bill requires the DSS commissioner, by October 1, 2025, to implement a grievance process to allow a pharmacy to challenge a Medicaid reimbursement that does not cover its cost to dispense the drug to a Medicaid recipient. Under the bill, the grievance process must (1) be in keeping with the Uniform Administrative Procedures Act and (2) allow a pharmacy to present evidence of its costs to dispense the drug compared to the disputed Medicaid reimbursement.

EFFECTIVE DATE: July 1, 2025

BACKGROUND

Extrapolation in Medicaid Provider Audits

In most cases, DSS, or any entity it contracts with to conduct Medicaid provider audits, must notify the provider of the audit and the statistically valid sampling and extrapolation methodology that will be used. This methodology is one that (1) is validated by a statistician, (2) excludes highly unusual claims that are not represented in the universe of paid claims, (3) has at least a 95% confidence level, and (4) includes stratified sampling where applicable. Extrapolation is a method to determine an unknown value by projecting the results of a sample review to the universe from which the sample came (CGS § 17b-99(d)).

Clerical Errors in Medicaid Audits

By law, clerical errors in a record or document produced for a Medicaid audit cannot alone constitute a willful violation of program rules, unless there is proof of intent to commit fraud or otherwise violate the rules. A clerical error is an unintentional typographical, scrivener's, or computer error. DSS must give free training to providers on ways to avoid clerical errors (CGS § 17b-99(d)).

COMMITTEE ACTION

Human Services Committee

Joint Favorable

Yea 23 Nay 0 (03/04/2025)