

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

STATE CAPITOL

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JOHN C. GERAGOSIAN

ROBERT M. WARD

Governor Dannel P. Malloy
State Capitol
Room 202
Hartford, Connecticut 06106-1591

January 14, 2013

Dear Governor Malloy,

In accordance with Section 2-90 of the Connecticut General Statutes, we are reporting to you the following matter.

The Department of Administrative Services' (DAS) Collection Services Division provides billing and collection services on behalf of state agencies. This is done through claims processing to Medicaid, Medicare and other third party payers.

The Department of Children and Families' (DCF) Albert J. Solnit Psychiatric Center provides services to Medicaid-eligible children and adolescents consisting of comprehensive care to youth with severe mental illness and related behavioral and emotional problems who cannot be safely assessed or treated in a less restrictive environment.

Claims for federal reimbursement from the Medicaid program are processed by the Department of Social Services (DSS). DSS's rate setting unit determines a per-diem cost of services provided to children at the Solnit Center, which is used to claim federal reimbursement, usually on a monthly basis.

Patient admission, movement and discharge information is entered into DCF's case reporting system by staff at the Solnit Center. DAS accesses that information and manually enters it into the DAS' billing system.

From an initial review of 25 claims totaling \$257,280 processed in the fiscal year ended June 30, 2012, we found one claim for \$1,920 in which the patient had been discharged from the Solnit Center prior to the claimed dates of service. An additional 17 monthly claims totaling \$145,920 were filed after that patient's discharge date. Based on these findings, we decided to perform additional testing.

Our review identified an additional 20 claims involving eight patients totaling \$1,086,980 with dates of service that fell outside the patient's admission and discharge dates.

DAS concurred with our findings and identified an additional 55 monthly claims totaling \$2,195,580 requiring adjustments. The additional claims identified by DAS pertained to claims that were processed outside the fiscal year ended June 30, 2012, including one patient with 30 claims totaling \$1,004,300 for dates of service from January of 2006 through January of 2009. The patient was discharged from the Solnit Center in 2005.

In total, claims amounting to \$3,430,400 were erroneously submitted for federal reimbursement. Adjustments for all of the claims were processed by DAS in late November and early December of 2012. The federal participation rate for these Medicaid claims varied over the periods covered, but was never less than 50 percent. As a result, at least \$1,715,200 needed to be returned to the Medicaid program in the form of credits against subsequent claims.

Internal controls over DAS' data entry of claims into its system were deemed by us to be inadequate. We were informed by DAS staff that the system continually claims federal reimbursement for patients if a discharge date is not manually entered into the system. In addition, DAS did not have procedures in place to reconcile census information received from DCF to information entered into its system.

Upon bringing this matter to the attention of DAS officials, procedures have been put in place that, if properly carried out, should address the identified internal control deficiencies. Our upcoming audit of DAS will review this implementation.

Sincerely,



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts

cc: Commissioner Donald J. DeFronzo, Department of Administrative Services
Commissioner Joette Katz, Department of Children and Families
Commissioner Roderick L. Bremby, Department of Social Services
Attorney General George C. Jepsen
Comptroller Kevin P. Lembo
Treasurer Denise L. Nappier
Legislative Program Review and Investigations Committee
Legislative Management Committee
Clerk of the Senate
Clerk of the House