

Legislative Program Review and Investigation Committee

Connecticut General Assembly

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SCOPE OF STUDY

Medicaid: Improper Payments

FOCUS

The study will describe and evaluate the processes the state uses to prevent, detect, and recover any improper payments in the Medicaid program due to fraud, abuse, and errors. Included are payments:

- on behalf of individuals ineligible for Medicaid;
- for services not covered;
- requiring, but not receiving, prior authorization;
- for services billed but not received;
- that are duplicate; and
- that do not include credits for applicable discounts.

In addition, the study will examine state procedures used to investigate providers suspected of fraud and abuse, as well as any resulting sanctions.

BACKGROUND

Medicaid is a means-tested medical assistance program for the very poor, elderly, and disabled authorized under Title XIX of the Social Security Act of 1965. It is jointly funded by federal and state governments but is managed by the states. In Connecticut, the Department of Social Services (DSS) is responsible for administering the state's Medicaid program to a monthly average of nearly 500,000 recipients through a network of about 29,000 providers. Connecticut receives 50 percent reimbursement from the federal government for services provided under the program.

Connecticut's Medicaid program is one of the state's largest single expenditures. For fiscal year 2012, the state is projected to expend about \$4.5 billion in federal and state funds on Medicaid, representing over one-fifth of the state budget. Given the size of this expenditure, even a small percentage of improper payments can have a significant effect on costs.

As a condition of receiving Medicaid reimbursements, the federal government requires the state through DSS to develop procedures that protect the integrity of Connecticut's program by reducing the amount of improper payments that result from fraud, abuse, and errors. These program integrity measures are implemented by the department's Office of Quality Assurance (OQA). In FY 10, OQA identified over \$284 million in overpayments, third party recoveries,

and cost avoidances. The office is also required to refer cases of suspected fraud to the state's Medicaid Fraud Control Unit (MFCU), located in the Office of the Chief State's Attorney, for possible criminal prosecution. Referrals are also made to the Office of the Attorney General for civil litigation. In addition, other sanctions against a provider's license, and ability to write prescriptions, may be taken by the Departments of Public Health and/or Consumer Protection.

AREAS OF ANALYSIS

1. Describe the federal and state laws and requirements that relate to Medicaid program integrity, including the recently passed federal health care reform legislation.
2. Identify the roles of state and federal agencies in assuring the integrity of the Medicaid program.
3. Evaluate how well state agencies perform their Medicaid program integrity responsibilities, including the identification of ineligible recipients and providers, prepayment reviews, and post-payment audits, recoveries, and provider sanctions:
 - a. Examine improper payment patterns over time to determine if particular health care areas, procedures, or types of providers are more susceptible; and
 - b. Assess effectiveness of standards and measures used to discover and monitor improper payments.
4. Identify coordination efforts between DSS and other state and federal agencies to combat fraud and abuse.
5. Where possible, compare the effectiveness of Connecticut's Medicaid program integrity efforts to that of other states.

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