

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 54th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN RICHARD SIMPKINS**, on February 1, 1995, at 9:00 a.m.

ROLL CALL

Members Present:

Rep. Richard D. Simpkins, Chairman (R)
Rep. Matt Denny, Vice Chairman (Majority) (R)
Rep. Dore Schwinden, Vice Chairman (Minority) (D)
Rep. Matt Brainard (R)
Rep. Patrick G. Galvin (D)
Rep. Dick Green (R)
Rep. Antoinette R. Hagener (D)
Rep. Harriet Hayne (R)
Rep. Sam Kitzenberg (R)
Rep. Bonnie Martinez (R)
Rep. Gay Ann Masolo (R)
Rep. William Rehbein, Jr. (R)
Rep. George Heavy Runner (D)
Rep. Susan L. Smith (R)
Rep. Carolyn M. Squires (D)
Rep. Jay Stovall (R)
Rep. Lila V. Taylor (R)
Rep. Joe Tropila (D)

Members Excused: none

Members Absent: none

Staff Present: Sheri Heffelfinger, Legislative Council
Christen Vincent, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing:	HB 337, HB 331
Executive Action:	HB 337 DO PASS
	HB 331 DO PASS
	HB 273 DO PASS AS AMENDED
	HB 45 TABLED
	HB 321 DO PASS

HEARING ON HB 337Opening Statement by Sponsor:

REP. JOHN COBB stated this is a bill for an act entitled: "an act requiring the Legislative Auditor to participate with the United States Department of Health and Human Services Office of the Inspector General in joint audits of the Montana Medicaid program." He submitted **EXHIBITS 1 and 2**. They would save money using these audits. The federal government gave them a list of different audits they would do and said they would work with them and help pay for the audits as well. There is no fiscal impact to the state for this legislation. This will save money and is more efficient. He explained the exhibits.

Proponents' Testimony:

Bob Olson, Montana Hospital Association, stated they supported this bill. The reasons they are in support of this bill are because even though the audits may end up costing the hospitals some money from time to time, they currently work with the Inspector General with these kinds of audits that are described in the booklet. These audits try to provide utilitarianism for either hospitals, doctors, laboratories and the like that aren't in compliance with state and federal requirements. An audit makes sure that the provider community and the state are in compliance with the rules. For those reasons they don't see this is an issue that the hospitals should be afraid of or resist. This is an effort where they can bring both the state and federal government into compliance. This bill is a good idea and he urged a do pass recommendation by the committee.

Opponents' Testimony:

none

Informational Testimony:

Scott Seacat, Legislative Auditor, stated the federal government wrote him a letter and said they wanted to do joint audits. They agreed with that. He referred to the exhibits handed out by the sponsor. He stated they do have the authority to do this work now. This bill isn't about handing them the authority to do these audits. Once he agreed to do an audit with the federal government they sent two people from the Office of the Inspector General from Arkansas to give them ideas. The projected savings from doing this would be about \$164,000. He stated he didn't want the committee to think that with every one of these audits he would return to the people 80 to one on their dollars. He stated he didn't believe that was possible. In his opinion the purpose of this legislation came about because the federal government came to them with this booklet and said they wanted to do these audits. The Montana Legislature said they would do these audits but they wanted the federal government to pay for

them. He stated he didn't have the money in his general fund budget for these audits and he wouldn't ask for it. If the federal government will pay for the work he will use existing staff and the federal dollars that come in for these audits.

Questions From Committee Members and Responses:

REP. GALVIN asked **Mr. Seacat** why this hasn't been done previously.

Mr. Seacat stated the type of audit contemplated is more in the area of efficiency and economy as opposed to standard financial compliance work. He stated they audit the Department of Social and Rehabilitative Services (SRS) and provide Medicare oversight on the expenditure side every two years. As far as economy and efficiency, they don't do a lot of work at SRS. There hasn't been a request like this.

REP. GALVIN asked if this bill would initiate this.

Mr. Seacat stated all this bill would do is have these audits done and the federal government would work with them and help pay for these audits. This would save money in the federal government and the state.

REP. SQUIRES asked what would be in this audit.

Mr. Seacat stated the drug companies agree as part of the process they will give back a certain percentage of Montana's expenditure for drugs. He referred to the fiscal note. He stated they need to get more aggressive and get their money and rebates. There are a lot of things the Federal Auditor suggested they do during this audit. These dollar savings are just related to the receivables. They also suggested there are three very popular medicines for ulcers, where it is very common for the doctor to take the patient off that drug. The Medicaid expenditures show there is a great deal of abuse of that drug past what the manufacturers represent as standard doses. They keep supplying Medicaid recipients with this drug unnecessarily. He stated this would be an audit area they could watch out for.

REP. SQUIRES asked if this would take away the ability for the physician to prescribe this drug.

Mr. Seacat stated this wouldn't take away that authority. They were not going to second guess the physician. They may look at the policy and see if the physician is following that policy.

REP. REHBEIN stated he noticed the sponsor had not signed the fiscal note. He asked if he was going to write his own fiscal note.

REP. COBB stated the fiscal note hadn't been up for him to sign yet.

REP. BRAINARD asked how much money is outstanding in accounts receivable.

REP. COBB stated when the Federal Auditors came down they said there were about ten companies that don't pay rebates in a lot of states. They said someone needs to be aggressive and make them pay those rebates. This is one of the things they would be doing.

Wayne Graseau, Legislative Auditor's Office, stated he did not have a precise figure as to how much is outstanding in accounts receivable, but thought it was about \$4 million. In addition, there are other adjustments to that.

REP. HEAVY RUNNER asked if there were conflicts between the audits for the federal and state governments.

Mr. Seacat stated he was concerned with the clash in the way of doing the audits and that is why he wants the federal government to pay for these audits. He stated this will be done the state's way. He stated there are two issues to be dealt with. They have to make sure all of the state agencies are in accordance with the federal law. They will have to follow the auditor standards so they can see there is some kind of quality over the entire process.

REP. TROPILA asked if this audit was just for rebates.

Mr. Seacat stated this was for a small portion of the rebates.

Closing by Sponsor:

REP. COBB closed.

EXECUTIVE ACTION ON HB 337

Motion: **REP. TONI HAGENER** MOVED HB 337 DO PASS.

Discussion:

REP. MASOLO said trying to keep healthy costs too much. She stated she has spent a great deal of time in the nursing homes lately and all of the patients are on Medicaid and are being fed all kinds of pills. They try and keep these people so healthy and all of the bills go to Medicaid.

Vote: Motion carried unanimously with **REP. SQUIRES** by proxy.

HEARING ON HB 331Opening Statement by Sponsor:

REP. DEB KOTTEL, HD 45, stated this bill doesn't deal with the capital restoration money. All this bill says is if they pass the capitol restoration bill, the money wherever it comes from, is given to the state of Montana for a particular purpose. That money will be used for putting this building back into shape. Those people gave that money for that specific purpose. The money is to be deposited in a trust account and the interest off that money will be used for the purpose it was given. She stated it would be a betrayal of trust to the people who gave private funds for capitol restoration purposes to have those private funds used in the general fund. She stated this is fair and is like setting up a trust account and is for the purpose in which the money was given and that is what the interest should be used for. She asked the committee to pass this bill to fulfill that purpose.

Proponents' Testimony: none

Opponents' Testimony: none

{Tape: 1; Side: B.}

Informational Testimony:

Connie Griffith, Administrator, Department of Administration, stated this bill is strictly for allowing capitol restoration funds to be used only for capitol restoration. There is already in statute a general law that says those accounts are set up for this type of purpose, with donations and grants, can be invested separately and retain their own interest. What this bill is doing is making this specific to this account and for all monies the account receives so the donors can know their money is being used for this specific purpose.

Questions From Committee Members and Responses:

REP. SIMPKINS asked if any interest on this account had been put into the general fund.

Ms. Griffith stated the interest off the monies in the fund has not been put into the general fund. It has stayed in the trust.

REP. STOVALL asked how much money is in the account.

Ms. Griffith stated they have received approximately \$10,000.

Closing by Sponsor:

REP. KOTTEL closed.

EXECUTIVE ACTION ON HB 331

Motion/Vote: REP. MASOLO MOVED HB 331 DO PASS. Motion carried unanimously.

EXECUTIVE ACTION ON HB 273

Motion: REP. KITZENBERG MOVED HB 273 DO PASS AS AMENDED.

Motion/Vote: REP. SCHWINDEN MOVED THE AMENDMENT. Motion carried unanimously.

Vote: Motion carried unanimously.

EXECUTIVE ACTION ON HB 45

Motion: REP. GALVIN MOVED HB 45 DO PASS.

Discussion:

REP. BRAINARD stated he understood what the bill would do but it wouldn't do justice to the system.

REP. STOVALL stated their constituents want more representation, not less.

Vote: Motion failed 14-4 with REP. GALVIN, REP. HEAVY RUNNER, REP. SQUIRES, and REP. TROPILA voting yes.

Motion/Vote: REP. HAYNE MADE A SUBSTITUTE MOTION TO TABLE HB 45. Motion carried 13-5 with REP. SCHWINDEN, REP. GALVIN, REP. HEAVY RUNNER, REP. SQUIRES, and REP. TROPILA voting no.

EXECUTIVE ACTION ON HB 321

Motion: REP. SQUIRES MOVED HB 321 DO PASS.

Discussion:

REP. MATT DENNY stated there was some question and controversy about different types of investments that are being done by local governments. They were assured this had nothing to do with that and there were no ghosts.

Vote: Motion carried unanimously.

ADJOURNMENT

Adjournment: 9:45 a.m.



RICHARD SIMPKINS, Chairman



CHRISTEN VINCENT, Secretary

RS/cdv

HOUSE OF REPRESENTATIVES

State Administration

ROLL CALL

DATE Feb. 1, 1995

NAME	PRESENT	ABSENT	EXCUSED
Rep. Dick Simpkin, Chairman	✓		
Rep. Matt Denny, Vice Chairman, Majority	✓		
Rep. Dore Schwinden, Vice Chair, Minority	✓		
Rep. Matt Brainard	✓		
Rep. Pat Galvin	✓		
Rep. Dick Green	✓		✓
Rep. Toni Hagener	✓		
Rep. Harriet Hayne	✓		
Rep. George Heavy Runner	✓		
Rep. Sam Kitzenberg	✓		
Rep. Bonnie Martinez	✓		
Rep. Gay Ann Masólo	✓		
Rep. Bill Rehbein	✓		
Rep. Susan Smith	✓		
Rep. Jay Stovall	✓		
Rep. Carolyn Squires	✓		
Rep. Lila Taylor	✓		
Rep. Joe Tropila	✓		

COMMITTEE FILE COPY

TABLED BILL

The HOUSE STATE ADMINISTRATION COMMITTEE TABLED HB 45, by motion, on
WEDNESDAY, February 1, 1995.

Christen Vincent
(For the Committee)

M. Pullin

(For the Chief Clerk)

3:30

(Time)

2/1

(Date)

February 1, 1995 -- 3:11 pm

Christen Vincent, Secretary

Phone: 4879



HOUSE STANDING COMMITTEE REPORT

February 1, 1995

Page 1 of 1


Mr. Speaker: We, the committee on State Administration report that House Bill 273 (first reading copy -- white) do pass as amended.

Signed: *Dick Simpkins*
Dick Simpkins, Chair

And, that such amendments read:

1. Title, line 6.
Strike: "AN"
Insert: "A DELAYED"
2. Page 1, line 22.
Strike: "1997"
Insert: "1998"

-END-


Committee Vote:
Yes 17, No 0.

271240SC.Hdh



HOUSE STANDING COMMITTEE REPORT

February 1, 1995

Page 1 of 1

Mr. Speaker: We, the committee on **State Administration** report that **House Bill 321** (first reading copy -- white) **do pass**.

Signed: *Dick Simpkins*
Dick Simpkins, Chair

JS
Committee Vote:
Yes 17, No 0.

271233SC.Hdh



HOUSE STANDING COMMITTEE REPORT

February 1, 1995

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 337 (first reading copy -- white) do pass.

Signed: *Dick Simpkins*
Dick Simpkins, Chair

Sh.
Committee Vote:
Yes 17, No 0.

271234SC.Hdh



HOUSE STANDING COMMITTEE REPORT

February 1, 1995

Page 1 of 1

Mr. Speaker: We, the committee on State Administration report that House Bill 331 (first reading copy -- white) **do pass**.

Signed: *Dick Simpkins*
Dick Simpkins, Chair

DS
Committee Vote:
Yes 17, No 0.

271236SC.Hdh

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-95 BILL NO. HB NUMBER 273

MOTION: ^{Kitz.} Rep. Madala made the motion Do Pass As Amend.

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-96 BILL NO. HB NUMBER 223

MOTION: Rep. Schwinden made the motion Do Pass on the
Amendment

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-95 BILL NO. HB NUMBER 331

MOTION: Rep. Masolo MADE the motion DO PASS

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-95 BILL NO. HB3 NUMBER 337

MOTION: Rep. Hagener made Motion Do Pass

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-95 BILL NO. HB NUMBER 321

MOTION: Rep. Squires moved DO PASS

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority	✓	
Rep. Matt Brainard	✓	
Rep. Pat Galvin	✓	
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires	✓	
Rep. Lila Taylor	✓	
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-95 BILL NO. HB NUMBER 45

MOTION: Rep. Galvin made the motion Do Pass

NAME	AYE	NO
Rep. Dick Simpkin, Chairman		✓
Rep. Matt Denny, Vice Chairman, Majority		✓
Rep. Dore Schwinden, Vice Chairman, Minority		✓
Rep. Matt Brainard		✓
Rep. Pat Galvin	✓	
Rep. Dick Green		✓
Rep. Toni Hagener		✓
Rep. Harriet Hayne		✓
Rep. George Heavy Runner	✓	
Rep. Sam Kitzenberg		✓
Rep. Bonnie Martinez		✓
Rep. Gay Ann Masolo		✓
Rep. Bill Rehbein		✓
Rep. Susan Smith		✓
Rep. Jay Stovall		✓
Rep. Carolyn Squires	✓	
Rep. Lila Taylor		✓
Rep. Joe Tropila	✓	

HOUSE OF REPRESENTATIVES

ROLL CALL VOTE

State Administration

DATE 2-1-95 BILL NO. 143 NUMBER 45

MOTION: Rep. Hayne made the motion to table the bill.

NAME	AYE	NO
Rep. Dick Simpkin, Chairman	✓	
Rep. Matt Denny, Vice Chairman, Majority	✓	
Rep. Dore Schwinden, Vice Chairman, Minority		✓
Rep. Matt Brainard	✓	
Rep. Pat Galvin		✓
Rep. Dick Green	✓	
Rep. Toni Hagener	✓	
Rep. Harriet Hayne	✓	
Rep. George Heavy Runner		✓
Rep. Sam Kitzenberg	✓	
Rep. Bonnie Martinez	✓	
Rep. Gay Ann Masolo	✓	
Rep. Bill Rehbein	✓	
Rep. Susan Smith	✓	
Rep. Jay Stovall	✓	
Rep. Carolyn Squires		✓
Rep. Lila Taylor	✓	
Rep. Joe Tropila		✓

Partnership Plan

The federal government under the Office of Audit Services wishes to enter into a partnership with State auditors to work jointly on projects which may have mutually beneficial results in controlling costs in the Medicaid program.

Possible audits

1. inpatient hospital services

- a. improper coding for prospective payment system transfers.

under the program, hospitals that admit, stabilize and transfer patients to other hospitals generally use fewer resources than hospitals providing the full scope of medical treatment.

Therefore, a hospital transferring a patient to another prospective payment system hospital receives a per diem payment based on the DRG amount. The receiving hospital is paid the full amount of the DRG. A transfer improperly reported as a discharge usually results in an overpayment because both hospitals receive the full DRG amount.

- b. control over the billings for non physician outpatient services

found improper payments made because of clerical errors, separate billing departments, billing systems not compatible with the DRG payment window, and insufficient or nonexistent edits at the fiscal intermediaries.

- c. full payment of a DRG amount when the patient did not stay overnight.

found hospitals realizing substantial revenues in excess of charges for admissions that did not require an overnight stay. One should change the methodology for those inpatient hospitalizations that do not require an overnight stay.

- d. identification and collection of credit balances in patient accounts.

a medicaid credit balance at a hospital occurs when reimbursements for services provided to a recipient exceed the amount due the provider according to its account records. Found in some states that some hospitals are not reviewing their credit balances in a timely manner. As a result medicaid overpayment were not always returned to the state. The two main causes for medicaid overpayment were that the services had been reimbursed by another insurer as well as medicaid or that the provider had submitted duplicate claims for the same services.

- e. other possible areas are hospital dumping and duplicate medicaid and veterans affair hospital payments.

EXHIBIT ONE
DATE 2-1-95
HB 337

2. prescription drug services

a. accountability for and controls over drug rebates due, received and/or disputed

found that states did not maintain a general ledger accounts receivable control for manufacturer drug rebates

found drug rebates deposited were not balanced to the log of rebate payments received

found that restrictive endorsements were not placed on each incoming check upon receipt

found that aggregate rebate collections were not reconciled against posting to individual receivable accounts

found that the state agencies did not have policies and procedures for adjudicating drug rebate disputes within 60 days of a discrepancy notification by drug manufactures.

b. limiting the prescribing of ulcer treatment drugs to dosages recommended by manufacturers.

found that recipients received dosages in excess of the manufacturers recommendations.

c. medicaid savings through the use of therapeutically equivalent generic drugs.

d. average wholesale price exceeds actual average invoice price

most states reimburse pharmacies for medicaid prescriptions using a formula which discounts a certain percentage of the average wholesale price. States will be authorized to reduce payments to pharmacies once the 4 year moratorium expires on Dec. 31, 1994.

e. medicaid drugs- mail order delivery system o for maintenance drugs.

establishing statewide mail order systems for medicaid outpatient prescription drugs could provide maintenance drugs for medicaid recipients effectively and more economically.

3. physician services

a. establish mandatory prepayment edit screens to detect

unbundled and mutually exclusive procedure codes.

the incorrect use of procedure codes by physicians can result in unnecessary expenditures for the medicaid program.

b. physician billing practices.

review provider billing practices for office visits to search for over utilization and inappropriate levels of care being billed.

4. home health agency services.

a. physicians role in the delivery of home health services.

medicare was paying for unallowable home visits because physicians are signing certification forms without having a current, first hand knowledge of the medical conditions of the beneficiaries.

b. medicaid fraud and abuse in home health agencies.

review claims submitted by home health agencies to determine whether services claimed were actually provided to eligible recipients and properly authorized and needed by recipients.

4. Laboratory and radiology services

a. unbundling of laboratory services reimbursed by medicare found that tests were not bundled and there were duplicate charges for chemistry and hematology tests performed by hospitals, physicians and independent laboratories.

b. limit payments for panel and profile tests to the sum of the payment allowances for the component tests.

medicare guidelines state that fee schedule amounts for panel and profile laboratory tests should not be greater than the fee schedule amounts for the component tests included in the panels and profiles

c. reduce payments for clinical laboratory tests to the lowest level available.

independent clinical laboratories have traditionally operated with two price lists: one that applies to insurance companies or other third part payers and one that applies to

physicians and other health providers. Independent laboratories depend on physicians to refer patients for testing, and physicians can negotiate prices that are reflective of a highly competitive market. These competitive market forces, however, are eroded when it comes to third party payers. Thus, the prices which are charged to insurance plans are usually substantially higher.

d. chemistry tests performed on automated lab equipment

found certain tests be charged for single test payment rates which are commonly performed on automated laboratory equipment.

e. edits for payment of laboratory panel tests.

f. state agencies should have claims processing edits to prevent providers from unbundling panel tests into their component tests and billing for panel tests and component tests on the same claim.

5. managed care services

a. adequacy of financial safeguards over medicaid managed care plans

Feds. were particularly concerned with the issues of financial solvency, capitation rates, reinsurance requirements, and contracting standards for managed care plans

b. family rates for medicaid HMO enrollees

commercial health insurance plans offer their enrollees family rates. HMOs however, receive capitated payments for each enrolled medicaid recipients. While this may be a marketing ploy for commercial HMOs, preliminary comparisons show that medicaid may benefit if family rates were adopted.

c. medicaid enrollment/disenrollment controls for managed care plans.

medicaid managed care plans receive a monthly capitation payment for each enrolled recipient. The accuracy and timeliness of enrollment/disenrollment actions have a significant impact on the monthly payment amounts.

d. medicaid services received while enrolled in HMOs

determine if state medicaid have adequate controls to identify medicaid charges for dually eligible individuals which should have been paid by a medicare HMO.

6. Durable medical equipment

- a. excessive payment for the use of hospital beds in the home
- b. identification of unnecessary reimbursement for oxygen concentrators
- c. medicare payments for home blood glucose monitors
- d. reimbursement for parenteral nutrients.
- e. competitive bid contracts for durable medical equipment
- f. reimbursement for infusion pumps

7. medical transportation services

- a. payments for non emergency advanced life support ambulance services
- b. opportunities for greater economy and efficiency in providing transportation services to medicaid recipients.
implementing a preferred pharmacy program that would maximize the use of free prescription drug delivery and utilizing local non profit or volunteer organizations willing to provide free or low cost transportation
- c. non emergency medical transportation

8. Third party liability

- a. identification and collection of third party liability medicaid cases

9. Long term care

- a. adequacy of controls over residents personal funds accounts

facilities reviewed did not make timely refunds to former residents or their estates; did not always notify residents when their account balance was within \$200 of the supplemental security income resource limit; did not always obtain residents authorization to manage their funds or charge their accounts; permitted residents to overdrawn their accounts; and did not reconcile bank account balances to accounting records

- b. overpayment to intermediate care facilities for the mentally retarded.
Many state medicaid agencies reimburse intermediate care

facilities for the mentally retarded based on per diem rates established from the specific costs of individual providers. Retroactive adjustments may be made to the per diem rates based on required audits of costs to operate them. Downward adjustments to the per diem rates could result in the substantial overpayment to them.

c. review of skilled nursing facility costs
the focus would be to determine the allowability and reasonableness of the three components of skilled nursing facility costs. These components are routine costs, capital related costs and ancillary costs. Capital related costs and ancillary costs, specifically therapy services (occupational, physical and speech) medical supplies and drugs, have increased greatly.

Partnership Plan

FEDERAL/STATE JOINT AUDITS OF THE MEDICAID PROGRAM



JUNE GIBBS BROWN
Inspector General

The original of this document is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

EXHIBIT two
DATE 2-1-95
HB 337

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

State Administration

DATE Feb 1, 1995

BILL NO. HB 337 SPONSOR(S) Cobb

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

[illegible]

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
VISITORS REGISTER

State Administration

DATE Feb. 1, 1995

BILL NO. HB331 SPONSOR(S) Kathl

PLEASE PRINT

PLEASE PRINT

PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	Support	Oppose
CONNIE L. GRIFFITH	DEPT OF ADMN	X	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS
ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.