



# House of Representatives

General Assembly

**File No. 142**

January Session, 2025

Substitute House Bill No. 6091

*House of Representatives, March 19, 2025*

The Committee on Human Services reported through REP. GILCHREST of the 18th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2025*) (a) As used in this section, (1)  
2 "extrapolation" has the same meaning as provided in subsection (d) of  
3 section 17b-99 of the general statutes, and (2) "pharmacy" means a  
4 pharmacy participating in the state Medicaid program. The  
5 Commissioner of Social Services shall not, as a basis for denying  
6 Medicaid reimbursements to a pharmacy, use extrapolation of data  
7 stemming from clerical errors or minor technical errors in any audit of  
8 such pharmacy conducted by the Department of Social Services  
9 pursuant to subsection (d) of section 17b-99 of the general statutes.

10 (b) The commissioner shall (1) provide a receipt confirmation process  
11 to confirm receipt by a pharmacy concerning any notices from the  
12 department, including notices to a pharmacy regarding pharmacy  
13 billing, and (2) maintain a reliable database accessible to a pharmacy of  
14 the preferred drug list approved pursuant to section 17b-274d of the

15 general statutes. The commissioner shall update such database with  
16 real-time information regarding denials and approvals of drugs for  
17 inclusion on such preferred drug list.

18 (c) Not later than October 1, 2025, the commissioner shall implement  
19 a grievance process in accordance with chapter 54 of the general statutes  
20 by which a pharmacy may challenge the Medicaid reimbursement for  
21 dispensing a prescribed drug that does not cover a pharmacy's cost in  
22 dispensing such drug to a Medicaid recipient. Such process shall allow  
23 a pharmacy to present evidence of the pharmacy's cost in dispensing  
24 such drug in comparison to the disputed Medicaid reimbursement.

|   |  |  |
|---|--|--|
| This act shall take effect as follows and shall amend the following sections: |  |  |
|---|--|--|

|           |              |             |
|-----------|--------------|-------------|
| Section 1 | July 1, 2025 | New section |
|-----------|--------------|-------------|

**Statement of Legislative Commissioners:**

Subsec. (b)(1) was redrafted for clarity.

**HS**      *Joint Favorable Subst. -LCO*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## **OFA Fiscal Note**

### **State Impact:**

| Agency Affected        | Fund-Effect | FY 26 \$  | FY 27 \$  |
|------------------------|-------------|-----------|-----------|
| Social Services, Dept. | GF - Cost   | See Below | See Below |

Note: GF=General Fund

### **Municipal Impact:** None

### **Explanation**

The bill is anticipated to result in a cost to the Department of Social Services (DSS) associated with limiting certain audit actions and increasing staff to support the bill's requirements.

The bill prohibits DSS from withholding Medicaid payments to pharmacies when extrapolated data based on clerical or minor technical errors is the basis for denying Medicaid reimbursements. Based on FY 24 pharmacy audit data, the state share of extrapolated recoupments is estimated at approximately \$80,000. To the extent the extrapolations were based on minor technical errors, all or a portion of such recoupments would result in increased cost to DSS under the provisions of the bill.

The bill also requires DSS to implement a grievance process to allow a pharmacy to challenge the Medicaid dispensing reimbursement that does not cover the pharmacy's cost to dispense the drug to a Medicaid recipient. This is anticipated to result in staffing costs, the extent to which depends on the grievance process established and magnitude of grievances. Related staff is expected to include one or a combination of the following: Fair Hearings Officer (annual minimum salary of \$82,800), Public Assistance Consultant (\$86,900), and Pharmacy Consultant (\$99,800).

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**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)