
OLR Bill Analysis

sHB 5354 (as amended by House "A")*

AN ACT CONCERNING MEDICAID PROVIDER AUDITS.

SUMMARY

This bill modifies the circumstances in which the Department of Social Services (DSS) can determine overpayment or underpayment by extrapolation when auditing Medicaid provider claims. By law, extrapolation means determining an unknown value by projecting the results of a review of a sample of claims to the entire population of claims from which the sample was drawn.

More specifically, the bill prohibits DSS from finding that an overpayment or underpayment was made to a Medicaid provider based on extrapolated projections unless (1) the provider has a sustained or high level of payment errors, (2) the DSS commissioner determines in good faith that the provider is engaging in vendor fraud, or (3) documented educational intervention failed to correct the error levels.

Existing law also allows DSS to make these findings based on extrapolation if the total net amount of the extrapolated overpayment calculated from a statistically valid sampling and extrapolation method exceeds 1.75% of total claims paid to the provider for the audit period.

EFFECTIVE DATE: October 1, 2026

*House Amendment "A" replaces the underlying bill (File 413) and (1) eliminates the provision limiting recoupment of an extrapolated overpayment from a pharmacist or pharmacy and (2) delays the effective date from July 1, 2026, to October 1, 2026.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/19/2026)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 53 Nay 0 (04/20/2026)