

## MINUTES OF THE SENATE PUBLIC HEALTH AND WELFARE COMMITTEE.

The meeting was called to order by Chairperson Senator Susan Wagle at 1:30 p.m. on February 13, 2002 in Room 231-N, of the Capitol.

All members were present except: Senator Jordan (EA)  
Senator Brungardt (EA)  
Ms. Emalene Correll, Kansas Legislative Research Department (EA)

Committee staff present:

Ms. Lisa Montgomery, Revisor of Statute's Office  
Ms. Margaret Cianciarulo, Administrative Assistant

Conferees appearing before the committee: Mr. Robert Day, Director of Medical Services/Medicaid for SRS

Others attending: See attached guest list

### **Response to Legislative Post Audit - Medicaid Fraud and Abuse Audit**

Chairperson Wagle opened the meeting by announcing to the Committee that Mr. Robert Day, Director of Medical Services/Medicaid for SRS was here to respond to testimony provided by Mr. Riley on the Legislative Post Audit regarding medicaid fraud and abuse.

Mr. Day stated while popular culture would say that up to 10% of all medical claims are fraudulent, there is, to the best of his departments knowledge, no real data to support such a statement. He provided some statistics and facts, stating that their goal is to maintain an acceptable level of payment accuracy by developing cost avoidance and pay-and-chase. He stated that every claim filed with the program is sent through a series of over 800 pre-payment electronic edits meeting a minimum criteria of acceptability.

He spoke of the Surveillance and Utilization Reviews (SURS) staff contracted at Blue Cross and Blue Shield, and their review of claims and also a second review which determined an accuracy rate of 84%. When discounting errors due to absent documentation, the rate rose to 96%, which does not mean 4% fraud. He cited examples of errors that existed: a date discrepancy, incorrect or other insurance or inappropriate DRG.

He covered the process they use when they have reason to suspect that a provider may be billing in a fraudulent manner and provided a table comparing Kansas' recovery with neighboring states. Finally, he announced all of the changes they will be making with the new MMIS contract awarded to Electronic data Systems, replacing the current contract with state of the art information technology. A copy of his testimony is (Attachment 1) attached hereto and incorporated into the Minutes by reference.

Chairperson Wagle then asked for comments or questions from the Committee. A healthy discussion ensued with questions from Senators Brungardt, Praeger, Barnett, Salmans, and Jordan for Mr. Day ranging from if front loaded why is out recovery rate is so high, why isn't the claims process more user friendly, "store fronts", medicare beneficiaries to comments on change of contract with BCBS.

### **Adjournment**

As there was no further business, the meeting was adjourned. The time was 2:15 p.m.

The next meeting is scheduled for February 14, 2002.