

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

The meeting was called to order by Chairperson Susan Wagle at 1:30 p.m. on January 29, 2002 in Room 231-N, of the Capitol.

All members were present except: Senator Praeger (EA)  
Senator Haley (EA)  
Senator Steineger  
Ms. Emalene Correll, Kansas Legislative Research Department

Committee staff present: Ms. Lisa Montgomery, Revisor of Statute's Office  
Ms. Margaret Cianciarulo, Administrative Assistant

Conferees appearing before the committee: Ms. Susan Linn, Executive Secretary / Director ,  
KS Board of Pharmacy  
Mr. Dave Riley, Auditor, Bland & Associates  
Ms. Peggy Stessman, IntegriGuard

Others attending: See attached guest list

### **Handouts**

Chairperson Wagle opened the meeting by referring to the handout from KDHE containing the information requested during the January 16, 2002, Joint Meeting. A copy of the handout is (Attachment 1) attached hereto and incorporated into the Minutes by reference.

### **Introduction of Bills**

With the next order of business, Chairperson Wagle asked for bill introductions.

Ms. Susan Linn, Executive Secretary/Director for the Kansas Board of Pharmacy requested that a bill be introduced concerning the pharmacy act of the state of Kansas. Ms. Linn gave an overview of the changes of the bill from the changes in the application (ex. new license to exam), adding "non-refundable" to keeping part of fine for cost of hearings. A copy of her testimony/bill is (Attachment 2) attached hereto and incorporated into the Minutes by reference.

Chairperson Wagle asked for questions or comments from the committee. Senator Salmans asked for clarification of additional cost found on page 13 and were there fiscal notes. Ms. Linn answered both questions.

The proposed bill was placed before the Committee. Senator Barnett made the motion to introduce the proposed bill. Senator Jordan seconded the motion and the motion carried.

### **Post audit Review - Medicaid Fraud & Abuse Audit**

Chairperson Wagle then introduced Mr. Dave Riley from the auditing firm of Bland & Associates whose firm conducted the audit and was assisted by the firms of IntegriGuard and the Logistics Management Institute.

Mr. Riley began his presentation with SRS statistics mentioning the amount of claims paid under the program exceeded \$1.3 billion for more than 270,000 people receiving Medicaid services, which is a dollar increase of about 47% in 3 years. He stated national statistics indicate approximately 10% of all Medicare and Medicaid payments are fraudulent and if Kansas had a rate of just 2%, the amount of potential fraud would still total more than \$27 million. He went on to explain the common types of fraud, the reviews SRS requests from Blue Cross Blue Shield and federal requirements.

A copy of the "PERFORMANCE AUDIT REPORT Medicaid Cost Containment: Controlling Fraud and Abuse" and his written testimony can be found in Senator Wagle's office.

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He then introduced Ms. Peggy Stessman from IntegriGuard. Ms. Stessman gave examples of how fraud could work and gave an overview of the testing of a sample of claims processed through the Kansas Medicaid Management Information System (KMMIS) system between November 1, 2000 and October 31, 2001. A copy of her handout is (Attachment 3) attached hereto and incorporated into the Minutes by reference.

Mr. Riley then presented an overview of the guidelines and the Surveillance and Utilization Review (SUR) Units efforts to identify and control Medicaid fraud and abuse. He ended by saying that SRS needs to hold the agent to task and to set objectives. A copy of the above has also been filed in Senator Wagle's office.

Chairperson Wagle then asked for questions and/or comments. A range of questions were presented by Senators Brungardt, Harrington, Salmans, and Barnett from use of the word "fraudulent", who is really doing this fraud, looking at profiling nationally to who appoints the SUR Unit manager.

### **Adjournment**

As there was no further business, the meeting was adjourned. The time was 2:30 p.m.

The next meeting is scheduled for February 4, 2002.