

# MedChi

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TO: The Honorable Thomas M. Middleton, Chairman  
Members, Senate Finance Committee  
The Honorable Christopher Shank

FROM: Joseph A. Schwartz, III  
Pamela Metz Kasemeyer  
J. Steven Wise

DATE: March 2, 2011

RE: **SUPPORT ONLY IF AMENDED** – Senate Bill 510 – *Maryland Medical Assistance Program – Recovery Audits*

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The Maryland State Medical Society (MedChi), which represents over 7,300 Maryland physicians and their patients, supports Senate Bill 510 only if it is amended.

Senate Bill 510 requires the Department of Health and Mental Hygiene (DHMH) to enter into contracts with private consultants to conduct periodic recovery audits of payments made by the Medicaid program. The bill is very prescriptive with respect to the recovery audits and how DHMH is to interact with the auditors including how the compensation of the auditors is to be constructed. While MedChi supports providing DHMH with reasonable tools to ensure Medicaid is able to recover payments made inappropriately under the program, it finds the prescriptive language of the bill and its mandate for compensation of the consultant based on amount of revenue recovered, to be of great concern.

MedChi would request that, should this Committee wish to advance this legislation, that it make the statute permissive. Furthermore, the legislation is deficient with respect to the language regarding the provision of confidential information with a contracting consultant and would request language be added to ensure compliance with Maryland law. Finally, and most important, MedChi requests that the bill be amended to prohibit compensation of an auditor based on the amount of money recovered. Such contingent compensation creates a powerful incentive for an auditor to justify the recovery of funds that were properly paid under the program. It presumes guilt instead of establishing a straight forward environment of ensuring compliance.

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DHMH does not oppose providing DHMH with the flexibility to hire outside contractors to conduct recovery audits but can only support that authority if it is permissive and the compensation of the auditor is not contingent on the dollars recovered.

**For more information call:**

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