

ARIZONA STATE LEGISLATURE
Fiftieth Legislature – Second Regular Session

JOINT LEGISLATIVE AUDIT COMMITTEE

Minutes of Interim Meeting
Tuesday, March 13, 2012
House Hearing Room 4 -- 8:00 a.m.

Chairman Seel called the meeting to order at 8:14 a.m. and attendance was noted by the secretary.

Members

Senator Andy Biggs
Senator Rich Crandall
Senator Linda Lopez
Senator David Lujan

Representative Carl Seel, Chair - 2012
Representative Tom Chabin
Representative Justin Olson
Representative David Stevens
Representative Anna Tovar

Members Absent

Senator Rick Murphy, Vice Chair - 2012
Senator Steve Pierce, Ex-officio

Representative Andrew Tobin, Ex-officio

Opening Comments

Chairman Seel welcomed Members and announced that there will be a quorum present, keeping in compliance with the state law requiring at least one meeting of the Joint Legislative Audit Committee every quarter of the year.

Recovery Audit of Managed Care

Chairman Seel reminded the Members that the recovery audit proposal discussed in the Committee's previous meeting will be voted on today. He explained, for those not present at the previous meeting, that a recovery audit of the Arizona Health Care Cost Containment System (AHCCCS) is matching up claims data with benefits data of what insurance companies cover for people on Medicaid in Arizona. He stated that AHCCCS has an agreement, the "state plan", with the federal government to administer state monies. He added that 90 percent of AHCCCS's Medicaid spending is in this managed care portion; only 10 percent goes to the fee-for-service portion. He spoke of the State of Tennessee as the first state in the Union to do a true recovery audit of managed care portions of Medicaid. Recovered money will go to AHCCCS and the General Fund.

Senator Crandall asked specifics about the audit in Tennessee; Chairman Seel replied that legislative action authorized the Inspector General of TennCare to spearhead the recovery audit, which is funded through the state general fund and supported by the Tennessee Governor. He

added that the audit was started at the first of this year and perhaps will be concluded by May or June of this year; the cost will be aligned with that of a single audit, which is an audit which includes both the financial statements and the federal awards. Senator Crandall commented that Arizona cannot use federal money for a recovery/single audit.

Mr. Stevens moved that, pursuant to A.R.S. § 41-1279.03(A)(4), the Committee directs and will notify the Auditor General to conduct research regarding how to conduct a recovery audit upon AHCCCS regarding the managed care portions of Medicaid and that the Auditor General shall provide regular updates to the Committee and report its official findings, including all information and documents obtained, that relate to this special research request to the Committee by not later than April 3, 2012 (Attachment 1).

Senator Crandall expressed concern that the motion directing the Auditor General has no scope, no details, no resources, and no costs identified. Chairman Seel replied that statute allows special research requests to determine if a full-blown audit is warranted and that details will follow the determination; he stressed that this is within the purview of this Committee.

Senator Crandall opined that Chairman Seel has dismissed his concerns.

Mr. Chabin commented that this motion is directing the Auditor General into areas that are AHCCCS management. Chairman Seel reiterated that Legal Counsel has said that this is within the authority of this Committee, that perhaps legislation will be needed, or perhaps the result will be to have AHCCCS perform the audit.

Question was called on the motion that, pursuant to A.R.S. § 41-1279.03(A)(4), the Committee directs and will notify the Auditor General to conduct research regarding how to conduct a recovery audit upon AHCCCS regarding the managed care portions of Medicaid and that the Auditor General shall provide regular updates to the Committee and report its official findings, including all information and documents obtained, that relate to this special research request to the Committee by not later than April 3, 2012 (Attachment 1). The voice vote was inconclusive; the Chair was in doubt and requested a roll call vote. The motion failed by a roll call vote of 3-5-0-2 (Attachment 2).

Potential Fraud, Waste, and Abuse relating to Planned Parenthood and Arizona Health Care Cost Containment System (AHCCCS)

Chairman Seel stated his concern that Planned Parenthood has been defrauding Medicaid programs across the country by false billing, upcoding, billing for services not rendered, allegedly to such a high degree that abortions may be funded with Medicaid dollars, contrary to federal law.

Michael Norton, Alliance Defense Fund, informed the Committee that his organization is comprised of Christian attorneys and works to allow people to live out their faith. He distributed

information about his investigation of Planned Parenthood (Attachments 3, 4, and 5). He described the conclusions of his investigation, discussed three examples of fraud lawsuits in other states, and declared that the prime motivation of Planned Parenthood is not health care, it is profit through a pattern of waste, abuse and potential fraud.

Senator Crandall asked the difference between suing in court for this type of recovery versus a Health and Human Services audit. Mr. Norton replied that his organization has been encouraging states to engage in audits of family planning services and agencies. Discussion ensued regarding the Federal False Claims Act and using the Arizona Attorney General's Office to investigate complaints against an agency.

Chairman Seel announced that he will table a vote on a special research request regarding Planned Parenthood.

Without objection, the meeting adjourned at 8:59 a.m.

Jane Dooley, Committee Secretary
April 3, 2012

(Original minutes, attachments and audio on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)