

Human Services Committee JOINT FAVORABLE REPORT

Bill No: HB-5354 / [Bill Status](#) / [Public Hearing Testimony](#)

Title: AN ACT CONCERNING MEDICAID PHARMACY AUDITS.

Vote Date: 3/19/2026

Vote Action: Joint Favorable Substitute

PH Date: 3/3/2026

File No.:

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SPONSORS OF BILL:

Human Services Committee

REASONS FOR BILL:

The bill seeks to limit the burdens on those who undergo audits under the Medicaid program. Associations, lawyers, and members of the public join pharmacy staff and ownership in supporting the bill, as it would grant grace in what's considered firm and punitive oversight by the Department of Social Services.

SUBSTITUTE LANGUAGE:

LCO 3469: In Section 1, exclusions are added to the extrapolation component, which are based on a high level of payment error determination, the commissioner's good faith determination, or if educational intervention fails to correct the level of payment error.

RESPONSE FROM ADMINISTRATION/AGENCY:

Connecticut Department of Social Services, Commissioner, Andrea Barton Reeves:

Urges against broad changes to the Department's auditing process. Ms. Reeves believes the bill's revisions would result in a fiscal impact to the state, reducing recoupment of Medicaid funds. DSS cautions that changing the auditioning process for pharmacy providers could collaterally affect all other medical providers, as they would seek similar revisions.

NATURE AND SOURCES OF SUPPORT:

Connecticut Hospital Association:

Believes that the bill appropriately prohibits extrapolation as a tool for inflating harmless mistakes in documentation/recordkeeping. CHA considers this protection “critically important” and understands that technical errors don’t always reflect fraud, abuse, or improper payment.

Grieb’s Pharmacy, Registered Pharmacist, Timothy Harvey:

Grieb’s Pharmacy, Owner, Debi Hibben:

Grieb’s Pharmacy, Pharmacy Manager, Timothy Harvey:

Reference a previous encounter with DSS where their proposed audit disallowance was in the multi-hundred-thousand-dollar range. Through this audit process, their key takeaways included: (1) that extrapolation should only be used for fraud investigation, which isn’t common practice, (2) how it’s more reasonable to consider a dispensing fee, and (3) that there needs to be a better process in place to inform pharmacies of critical changes in DSS protocol.

Salem Pharmacy LLC, Pharmacist & Owner, Wendy Mikolinski:

Supports the bill and defends the work of pharmacists who meticulously prepare prescriptions to achieve 100% accuracy. She notes that Medicaid has the largest number of data pieces per prescription, which makes it difficult to follow its highly specific criteria, risking unintentional data entry error at the pharmacy level. Ms. Mikolinski encourages that pharmacies pay attention to their customers and not “minutia,” as she details the nerve-racking life of a pharmacist, who are so often afraid of a “technical error” that could cost them thousands of dollars at any point.

Northeast Pharmacy Service Corporation, Vice President of Network Development, Ed Schreiner Jr.:

Affirms that HB 5354 does well by reinforcing that clerical errors and technical deficiencies should not serve as the basis for disproportionate financial penalties. Mr. Schreiner claims that a fair audit process should distinguish between substantive violations and minor recording-keeping omissions, while providing opportunities to present clarifying evidence post-audit if needed.

Disability Rights Connecticut, Litigation Attorney, Sheldon Toubman:

Attaches alternative language to his written testimony that mandates better access to DSS’s preferred drug list. Mr. Toubman adds that this list determines when restrictive prior authorizations will be proposed.

Owner, Cailin Petersen:

States that, upon submitting all documents for a Medicaid audit, she has yet to hear back with results. Ms. Petersen recounts it as a long and grueling process to gather all of the requested information on time.

NATURE AND SOURCES OF OPPOSITION:

Susan Trimm:

Opposes the bill, finding that it wouldn’t bring down payments for medication. She doesn’t support the approach and instead suggests that the committee work with the industry to create a “pharmaceutical account” for residents that would function similarly to a health savings account.

Reported by: Zachary Robinson

Date: March 26, 2026