



General Assembly

**Substitute Bill No. 5354**

February Session, 2026



**AN ACT CONCERNING MEDICAID PROVIDER AUDITS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (4) of subsection (d) of section 17b-99 of the  
2 general statutes is repealed and the following is substituted in lieu  
3 thereof (*Effective July 1, 2026*):

4 (4) A finding of overpayment or underpayment to a provider in a  
5 program operated or administered by the department pursuant to this  
6 chapter or chapter 319t, 319v, 319y or 319ff, except a provider for which  
7 rates are established pursuant to section 17b-340, shall not be based on  
8 extrapolation unless (A) there is a determination of a sustained or high  
9 level of payment error involving the provider, (B) the commissioner  
10 makes a good faith determination that the provider is engaging in  
11 vendor fraud, or (C) if documented educational intervention has failed  
12 to correct the level of payment error and the total net amount of  
13 extrapolated overpayment calculated from a statistically valid sampling  
14 and extrapolation methodology exceeds one and three-quarters per cent  
15 of total claims paid to the provider for the audit period. To the extent  
16 permissible under federal law, unless the commissioner makes a good  
17 faith determination that the provider is engaging in vendor fraud,  
18 recoupment of an extrapolated overpayment from a covered pharmacist  
19 or pharmacy, as defined in section 20-571, shall be limited to the sum of

20 any professional dispensing fees, paid by the commissioner pursuant to  
21 section 17b-280, that are associated with such extrapolated  
22 overpayment.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2026	17b-99(d)(4)

**Statement of Legislative Commissioners:**

In Subdiv. (4)(C), "payment error," was changed to "payment error and" for clarity.

**HS**      *Joint Favorable Subst.*