

OFFICE OF THE GOVERNOR
STATE OF MONTANA

STEVE BULLOCK
GOVERNOR



ANGELA McLEAN
LT. GOVERNOR

May 5, 2015

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby veto House Bill 237 (HB 237), "AN ACT PROVIDING STANDARDS AND REQUIREMENTS FOR MEDICAID OVERPAYMENT AUDITS; PROVIDING REQUIREMENTS FOR RECORD REQUESTS AND REVIEWS; PROHIBITING EXTRAPOLATION AND STATISTICAL SAMPLING EXCEPT FOR HIGH-RISK PROVIDERS; PROVIDING FOR NOTICE OF AUDIT RESULTS; PROVIDING DEFINITIONS; REQUIRING THE PUBLICATION OF AUDIT RESULTS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 53-6-111, 53-6-155, AND 53-6-160, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

HB 237 establishes standards for audits of claims paid to Medicaid providers. The Department of Public Health and Human Services (Department) is mandated by federal law to conduct those audits to assure that overpayments are recovered. I am sympathetic to the providers' desires to establish additional clarity regarding the Department's audit practices and procedures.

I proposed amendments to HB 237 to ensure that the Department can efficiently recover Medicaid overpayments. However, without my proposed amendments, HB 237 goes too far in impeding the Department's ability to provide adequate oversight and accountability for taxpayer dollars. For example, the bill requires both that audits be completed within 60 days of receipt of medical records and that a peer review be added to the audit process before an overpayment determination can be made. The peer review requirement renders the already challenging 60-day time frame virtually impossible.


Federal law requires that Montana audit Medicaid provider claims to ensure that funding is being used appropriately, and the state is required to repay the federal government for its share of any overpayment that has been made. Unfortunately, HB 237 would create an audit process that virtually guarantees the state will be unable to collect overpayments from providers. As a result, state taxpayer dollars would have to be used to refund the federal government for provider overpayments, even in cases where the provider's own error caused the overpayment.

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As a steward of state taxpayer dollars, I recognize and appreciate the critical services delivered by Medicaid providers to Montanans in every corner of this state, and I must balance that appreciation with a commitment to ensure that Medicaid funding is being used prudently and appropriately. Although I cannot support HB 237 in its current form, I have instructed the Department to implement new rules providing greater clarity and certainty in the overpayment auditing process.

For these reasons, I veto HB 237.

Sincerely,

A handwritten signature in black ink, appearing to be "Steve Bullock", with a long horizontal stroke extending to the right.

STEVE BULLOCK
Governor

cc: Legislative Services Division
Austin Knudsen, Speaker of the House
Debby Barrett, President of the Senate