

Minutes
LEGISLATIVE AUDIT COMMISSION
May 20, 2019

Members Present:

Representative Sondra Erickson
Representative Tina Liebling
Senator Nick A. Frentz
Senator Matt D. Klein
Senator Mark W. Koran
Senator Ann H. Rest

Members Absent:

Representative Connie Bernardy
Representative Rick Hansen
Representative Nels Pierson
Representative Duane Quam
Senator Michelle Benson
Senator Mary Kiffmeyer

Other Legislators Present:

Representative Steve Elkins
Representative Laurie Halverson
Representative Jennifer Schultz

Senator Koran, Vice Chair (in the absence of Representative Hansen, Chair), called the Legislative Audit Commission (LAC) meeting to order at 1:00 p.m. The purpose of the meeting was to receive a briefing on the Office of the Legislative Auditor's (OLA's) report, *Managed Care Organizations: Oversight of Pharmacy Benefit Managers and Reporting of Pharmacy Encounter Data*.

Christopher Buse, Deputy Legislative Auditor for the OLA Financial Audit Division, explained that *Minnesota Statutes*, 3.972, subd. 2b, directs OLA to audit managed care organizations (MCOs) under contract with the Department of Human Services (DHS). Mr. Buse introduced Valerie Bombach, Audit Director, to provide the details of the report. Ms. Bombach said the audit found that three MCOs serving public programs did not comply with the DHS requirement to report the actual payments to each pharmacy provider. She said that the audit also found that two MCOs did not include all terms required by state and federal law in the contracts with their pharmacy benefit managers.

Julie Marquardt, DHS Director of Purchasing and Service Delivery, said the department has made significant progress in their oversight of encounter data submitted by MCOs, and they are working with them to correct the issues noted.

Jay McLaren, Medica Vice President of Public Policy and Government Relations, and Ghita Worcester, UCare Senior Vice President of Public Affairs and Chief Marketing Officer, addressed the Commission and answered members' questions.

Representative Liebling expressed concerns about the MCOs' lack of compliance with DHS contract requirements and not knowing whether their noncompliance is from mistakes or actual fraud. James Nobles, Legislative Auditor, responded that OLA would follow up on this concern with the Attorney General and appropriate authorities.

With no further business, Senator Koran adjourned the meeting at 1:50 p.m.

Senator Mark W. Koran, Vice Chair

Shelly Gilb, Recording Secretary