



February 28, 2025

Senator Pam Beidle
Chair
Senate Finance
3 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 840: Medicaid Management Information System – Surveillance and Utilization Review Subsystem – Publication of Procurement Schedule

Dear Chair Beidle and Senate Finance Committee:

My name is Ronald G. Forsythe, Jr., PhD and I am in favor of Senate Bill 840, which seeks to establish a procurement schedule for Maryland's Surveillance and Utilization Review Subsystem (SURS). Actionable data and reports from a modern SURS are valuable tools that enable the Department of Health Office of Inspector General to identify potentially fraudulent or abusive practices by Medicaid providers and recipients.

I am the CEO of Qlarant Corporation, the nation's leader in detecting and investigating fraud, waste, and abuse in Medicare and Medicaid systems. There are only a few companies that have a holistic view of Medicare and Medicaid program integrity. Maryland is fortunate to have the nation's leader in their backyard – located in Easton, MD (Talbot County). Qlarant and its related entities employ over 600 associates and support an additional 150 subcontractors nationally. Approximately 160 of these associates are based in Maryland, including 113 on Maryland's Eastern Shore. Qlarant continues to be one of the largest professional services contractors for the Centers for Medicare and Medicaid Services (CMS).

Our highly skilled clinicians, investigators, data analysts, data scientists, statisticians, and policy subject matter experts routinely scour over 100 Terabytes of claims data and medical records as we strive to protect the integrity of the healthcare system for Medicare and Medicaid beneficiaries and work to keep costs down for taxpayers by minimizing improper payments.

Passage of SB840 will provide two essential outcomes for Maryland taxpayers and for Maryland's Medicaid beneficiaries. Specifically, it will:

- 1) Modernize Maryland's efforts to eliminate fraud, waste, and abuse in its Medicaid system; and,
- 2) Demonstrate Maryland's commitment to fair and open competition for procurements.



The legacy SURS currently in place was originally procured in August 2014. That original contract ended in August 2018. After a year-long delay, MDH issued an RFP to replace that legacy system in October 2019. After a review of the submitted proposals, MDH notified vendors of its intent to award in September 2020. Qlarant protested the award and filed an appeal with the Board of Contract Appeals that essentially warned the State of Maryland the intended awardee had failed to implement essentially identical work in another state and would fail again in Maryland due to the similarities in systems, people, and requirements.

Qlarant's protests and appeal were unsuccessful, and the Board of Public Works ultimately approved an award to the new vendor. Simultaneously, the contract for the legacy SURS was extended again to allow time for the new vendor to stand up their system. The new vendor started work on January 1, 2022.

In July 2022, seven months after award, the new vendor needed **"additional time to implement the new system."** [Board of Public Works, 2022-Jul-27-Summary, Item: 30-IT-MOD, p.25 of 33] As a result, the legacy contractor received another extension of its contract.

In July 2023, 18 months after award, Qlarant's warning of the new vendor's inability to deliver rang true when MDH acknowledged, **"after a significant delay in implementation of the SURS replacement system, MDH has decided to reprocur the SURS contract, to search for a new contractor that will replace the...SURS legacy system."** [Board of Public Works, 2023-Jul-5-Agenda, Item 35-IT-MOD, p. 148 of 176]. The legacy vendor's contract was again extended to August 2025.

In sum, it simply is not acceptable to continue to extend sole source awards for tools that do not meet the needs of the State. This is the definition of waste. Since 2018, the State of Maryland has provided seven years of sole source extensions for a legacy SURS – and will likely have to provide yet another extension in August of this year. These extensions amount to well over \$2.5 million above the original \$1.3 million 4-year contract for a system that does not currently meet the complex needs of today's fraud, waste, and abuse landscape. Further, it is estimated that an additional \$1.5+ million was spent on the failed implementation by the new vendor.

More importantly, given the current federal political climate, Maryland is at substantial risk because it does not have an effective SURS in place to detect fraudulent and improper payments. Not only is there serious potential that states could see a reduction in federal Medicaid support during the current Federal budgeting process, but political forces could use the fact that ineffective program integrity safeguards exist in Maryland to justify further reduction in Medicaid allocations to the state.

The waste and risks I discuss above do not even take into account the actual fraud that has been and continues to be undetected during the last seven years. The bottom line is Maryland needs



effective program integrity safeguards in place to protect the limited funds Maryland does receive.

This bill demonstrates the need for Maryland to provide disciplined and enforced deadlines for this and other procurement programs – a good step in moving Maryland forward.

Respectfully,

A handwritten signature in blue ink, appearing to be "R. Forsythe", written over a faint, light blue rectangular background.

Ronald G. Forsythe, Jr. PhD