



Medicaid Eligibility Quality Control Individual and Family Medicaid

Active Pilot Project Final Report

March 2007 – August 2007

I. PURPOSE

The Medicaid Eligibility Quality Control (MEQC) Unit conducted the third phase of a comprehensive active pilot project for the March 2007 through August 2007 time period. The pilot was a statewide evaluation of the open eligibility cases from all Medicaid programs excluding Medicaid programs that are 100 percent funded by the federal government, Supplemental Security Income recipients, Foster Care and Adoption Assistance Case under Title IV-E. The active study does not include state only funded programs, the Child Health Plan *Plus* (Colorado's SCHIP), or the Colorado Indigent Care Program.

Since the Department of Health Care Policy and Financing's (Department) rule-driven eligibility system, the Colorado Benefits Management System (CBMS), went live in August 2004, numerous system modifications and decision table changes have been implemented which affect the Medicaid eligibility determination process. By selecting samples from Medicaid programs, this pilot was implemented to assure that CBMS is accurately determining Medicaid eligibility, and that counties and medical assistance sites are accurately entering data and processing cases in a timely manner.

The pilot analyzed the eligibility determination process from the point of data entry, the determination made by CBMS, to the examination of proper noticing. In addition, the pilot examined timely processing of the application.

II. SCOPE OF THE REVIEW

Objective

The scope of this study was an in-depth and detailed analysis of the Medicaid eligibility process in Colorado. To organize the study into useful and meaningful results, five main objectives, or Eligibility Components (EC), were defined. The five eligibility components are described below.

- EC1 Whether the authorization of any application or re-determination as based on information entered into CBMS is correct to determine any CBMS caused errors;
- EC2 Whether the data was entered correctly based on verifications in the client file to determine individual case worker or applicant error;
- EC3 For active cases, whether the client's medical span was open for health care providers to bill for the correct period of time;
- EC4 Whether the application was timely processed after receipt of all necessary client information according to the timelines in federal or state law or regulations;
- EC5 Whether the system produced a timely and accurate notice regarding the sampled application or re-determination authorization;

Sampling methodology

The pilot was a statewide evaluation of all open eligibility cases from the Medicaid programs with the exception of Medicaid programs that are 100 percent funded by the federal government, Supplemental Security Income recipients, Foster Care and Adoption Assistance Case under Title IV-E and state only funded programs, the Child Health Plan *Plus* and the Colorado Indigent Care Program. The study looked at the active client cases for the period of March 1, 2007 through August 31, 2007. The universe of the audit sample was:

- 1) All individuals or families determined eligible for Medicaid during the audit period; and
- 2) Cases with no action during the audit period will not be selected.

The data was pulled entirely from CBMS so that all eligibility data would be available. In total, 276 cases were selected for review. Since the cases were randomly selected, the distribution between eligibility sites was not equal. Figures 1 and 2 on the following pages demonstrate the distribution of cases among the eligibility sites.

Contribution of Cases for Each Eligibility Site		
Eligibility Site	Cases Reviewed	Percentage of Statewide Review
ACS	16	5.8%
Adams	29	10.51%
Arapahoe	35	12.68%
Archuleta	2	0.72%
Baca	1	0.36%
Bent	2	0.72%
Boulder	13	4.71%
Broomfield	3	1.09%
Delta	1	0.36%
Denver	32	11.59%
DHH	21	7.61%
Douglas	3	1.09%
Eagle	4	1.45%
El Paso	28	10.14%
Elbert	1	0.36%
Fremont	3	1.09%
Garfield	1	0.36%
Huerfano	2	0.72%
Jefferson	15	5.43%
La Plata	1	0.36%
Larimer	13	4.71%
Mesa	6	2.17%
Moffat	1	0.36%
Montezuma	1	0.36%
Montrose	4	1.45%
Morgan	4	1.45%
Otero	5	1.81%
Ouray	1	0.36%
Prowers	1	0.36%
Pueblo	10	3.62%
Rio Blanco	1	0.36%
Saguache	2	0.72%
Teller	2	0.72%
Weld	12	4.35%
Grand Total	276	100.00%

Please note: Two case records were not produced by El Paso County. MEQC dropped these cases as collateral contact with the client was not successful. MEQC attempted on three occasions to contact these clients. The attempts were not successful and MEQC to replaced thesecases.

Figure 1

County's Contribution to Total Cases Reviewed (Study Three - Active)

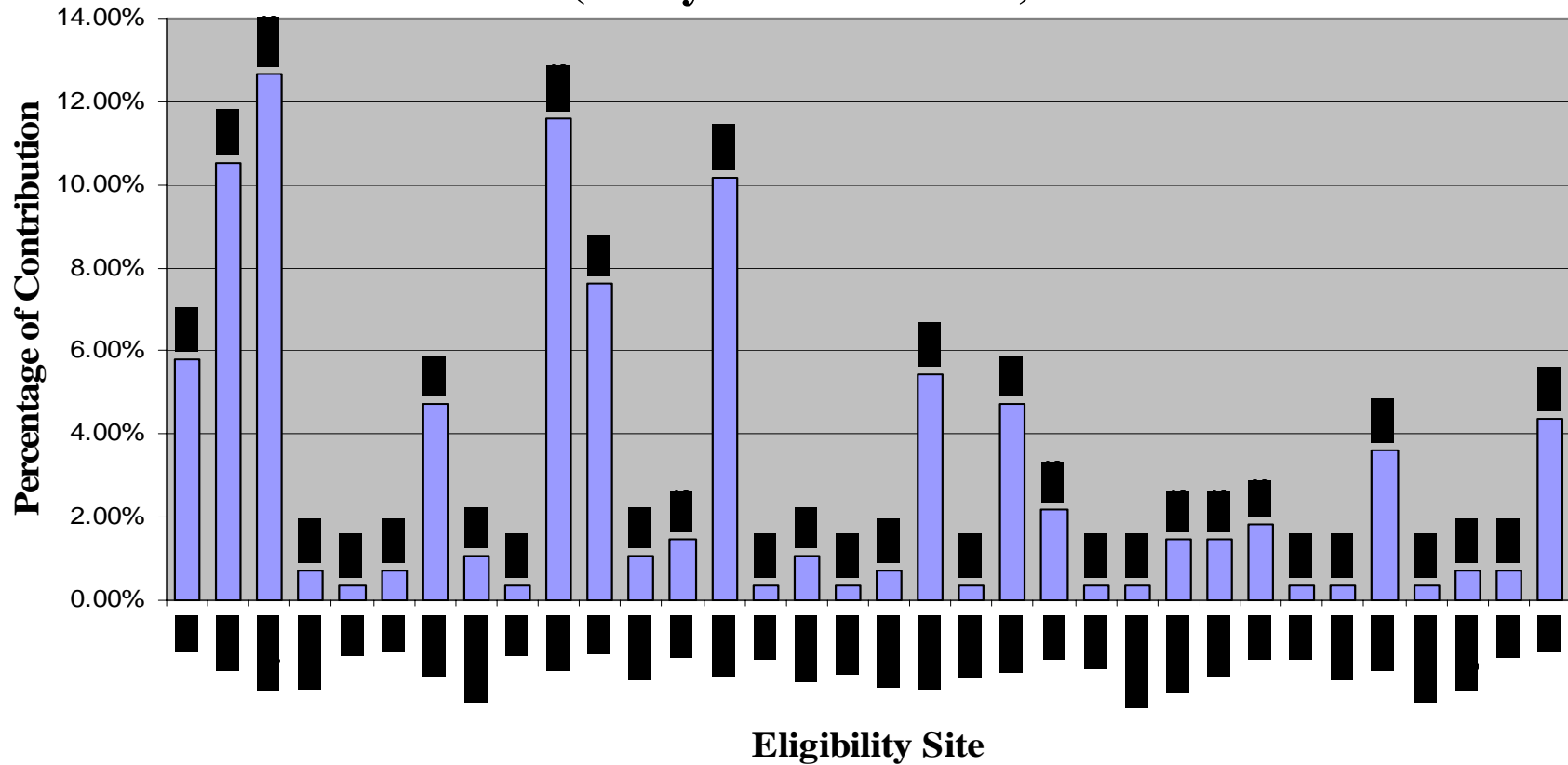


Figure 2

III. REVIEW PROCESS

Upon receipt of the samples from the Department's Data section, MEQC requested copies of the case records associated with the selected State identification numbers. The review included an in-depth analysis of the physical case file and the electronic CBMS and the Medicaid Management Information System (MMIS) records. In addition, MEQC also accessed the following relevant on-line system files to verify client case records:

- Colorado Department of Labor and Employment
- Colorado Department of Motor Vehicles
- State Verification and Exchange System
- Automated Child Support Enforcement System

MEQC referred to pertinent policy contained in the *Social Security Act-Title 19, Code of Federal Regulations, State Medicaid Manual-Part 3, Code of Colorado Regulations*, applicable *Dear State Medicaid Director Letters* and other Federal policy guidance and the Department's *Agency Letters and County Director letters* to identify all errors in eligibility determinations.

Review findings were captured and recorded in the Microsoft Access database developed for this pilot. Case specific errors were reported to the eligibility sites (counties and medical assistance sites) counties using the *Initial Findings Form* designed for this project. Counties and medical assistance (MA) sites had ten days to concur with the error findings, rebut the error findings, or ask for policy clarification related to MEQC error findings. For eligibility sites that wanted to rebut a finding or requested a policy clarification, MEQC responded to the request within ten days. When county and MA site offices did not respond to the error findings as requested, the error findings stood as cited.

IV. RESULTS OF THE REVIEW

The overall results of the study are presented in figures 3, 4, 5 and 6 below. Figures 3 and 4 demonstrate the overall case error rate of each EC. Figures 5 and 6 illustrate each EC's contribution to the overall error rate.

- EC1 shows the number of cases with eligibility errors attributed to a CBMS caused determination error. There were two client cases that had a CBMS caused eligibility errors out of 276 client cases. This represents a 0.72 percent error rate and contributed to approximately 1.8 percent of the errors identified in this study.
- EC2 represents the number of eligibility errors caused by data entry errors. Data entry errors had the highest error rate at approximately 22.1 percent and accounted for 54.9 percent of the errors in the study.
- EC3 notes the number of client cases where the client's medical span was not matching between CBMS and the Department's payment system, the MMIS. There were no errors identified for this EC.
- EC4 demonstrates the number of client cases that were not processed timely according federal or state law or regulations and accounted for the second highest error rate in this study at 14.49 percent with 36.04 percent of the errors in the entire sample.

- EC5 identifies the number of clients where the system did not produce a timely and accurate notice. This eligibility component had a 2.90 percent overall error rate and contributed to approximately 7.21 percent of the identified errors.

Case Error Rate by Component			
Eligibility Component (EC) Number	EC Description	Total Cases with EC in Error	Percent of Errors (Error Rate)
1	CBMS Determination Errors	2	0.72%
2	Data Entry Errors	61	22.10%
3	Unmatching Medical Spans	0	0.00%
4	Untimely Processing	40	14.49%
5	NOA Inaccurate/Untimely	8	2.90%
Grand Total		111	40.22%

Figure 3

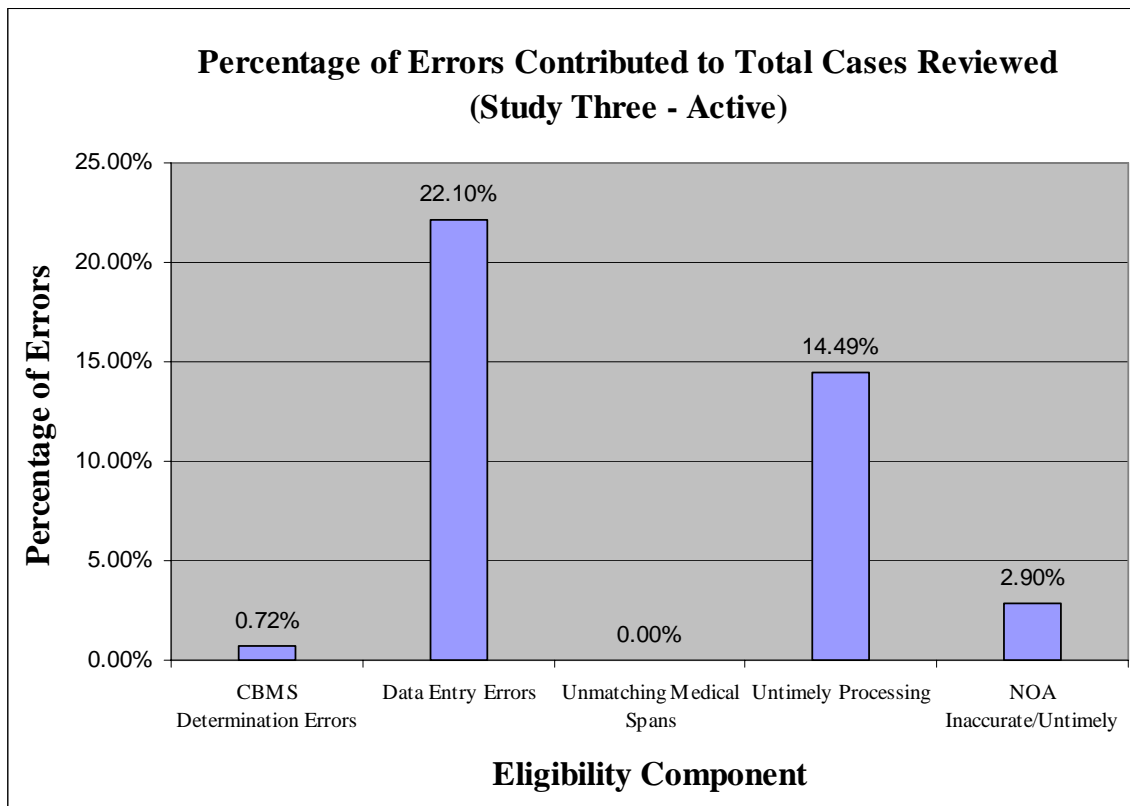


Figure 4

Percentage of Errors Contributed by Component			
Eligibility Component (EC) Number	EC Description	Total Cases with EC in Error	Percent of Statewide Error
1	CBMS Determination Errors	2	1.80%
2	Data Entry Errors	61	54.9 %
3	Unmatching Medical Spans	0	0.00%
4	Untimely Processing	40	36.04%
5	NOA Inaccurate/Untimely	8	7.21%
Grand Total		111	100.00%

Figure 5

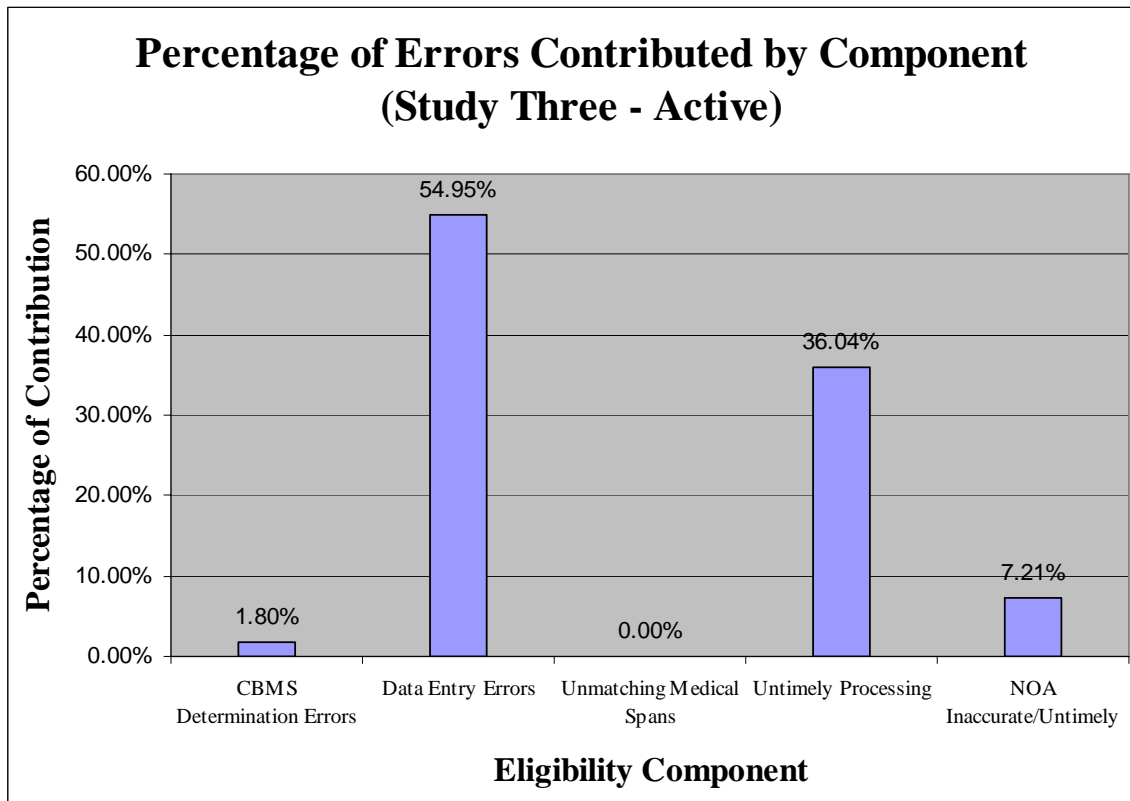


Figure 6

V. CAUSAL ANALYSIS AND RECOMMENDATIONS

Review findings were captured and recorded in the Microsoft Access database developed for this pilot. The findings were then analyzed to determine the root cause of each error. From the analysis, MEQC developed recommendations for improvements. Based on the study analysis and MEQC's recommendations, key decision makers from many areas in the Department developed administrative actions that would further prevent and reduce eligibility errors. Below, each eligibility component is broken down and analyzed; recommendations and administrative actions are also presented.

Eligibility Component #1: CBMS Caused Errors

EC1, examined whether the authorization of any application or re-determination as based on information entered into CBMS correctly to determine any CBMS caused errors. As mentioned earlier, the overall eligibility error rate for EC1 was 1.80 percent which is two errors. The identified root cause for the system errors was incorrect medical spans caused by the medical span remaining open past the 90 day post partum period.

Based on a small random sample of cases that we recently reviewed, it appears that a misapplication of the AFDC income disregard formula may have resulted in a modest number of Medicaid applicants being denied eligibility under circumstances where eligibility would have been granted if the income calculation properly had been applied. While most of these applicants ultimately were eligible for (and collected) CHP and/or Medicaid under some other criteria (and thus were not materially affected), a few applicants were denied all forms of assistance. Based on these results, we have decided to undertake a full review to attempt to ascertain the full impact of the misapplication of AFDC income calculations. We will advise on the results of that review in future reports.

Recommendation

The Department should prioritize and correct CBMS so medical spans are closed correctly.

Department's Administrative Action to Reduce or Prevent Errors

The Department corrected the system issues identified with incorrect medical spans in November 2007. The remaining case was referred to the Eligibility Section for investigation and correction.

Eligibility Component # 2: Data Entry Errors

Data entry errors were identified as the primary cause of errors in this study. The overall error rate for EC 2 was approximately 22.10 percent. Data entry issues can come from a variety of sources so further analysis was conducted to identify the root cause. Figure 7 below identifies the root causes of the data entry eligibility errors.

Percentage of Data Entry Errors Contributed by Each Root Cause		
Cause of Errors (Error Name)	Total Cases of Data Entry Errors	Percent of Total Statewide Errors
12 Month guarantee	1	1.43%
Deficit Reduction Act (DRA) Error	28	40.00%
Income Calculated Incorrectly	14	20.00%
Incorrect Medical Spans	19	27.14%
Medical Spans Discontinued Incorrectly	2	2.86%
Other	1	1.43%
Resources Calculated Incorrectly	5	7.14%
Grand Total	70	100.00%

Please note: The grand total in figure 7 will not match with grand total of Data Entry Errors in figure 3 because figure 3 has an unduplicated count of eligibility errors. In other words, one case could have two eligibility errors. Figure 3 reflects the number of cases with eligibility errors and Figure 7 reflects the number of eligibility errors.

Figure 7

Deficit Reduction Act Documentation Error

The primary cause of data entry errors was attributed to documentation requirements surrounding the Deficit Reduction Act (DRA) of 2005. DRA accounted for 40.0 percent of the data entry errors. Generally, this was caused by lack of documentation in the file to comply with the DRA requirements and therefore substantiate the eligibility determination.

To implement DRA, the Department sent out an agency letter in June 2006 to inform eligibility sites regarding DRA requirements. In addition, the Department conducted a web cast DRA training in October 2006 to all the eligibility sites with written guidance following in December 2006.

Recommendation

The Department needs to continue training on DRA and adopt CBMS protections to reduce the eligibility errors related to DRA.

Department’s Administrative Action to Prevent or Reduce Errors

The Department has conducted several follow-up trainings for DRA. Four large regional DRA trainings were conducted in spring of 2007. The Department engaged in further DRA training in April 2008. Based on the result of this MEQC study (analyzing client cases from March 2007 to August 2007), the Department has scheduled regional training in September, October and November 2008 at which time proper DRA requirements and policy will be incorporated.

To take additional steps to improve adherence to DRA requirements, the Department implemented a system change in May 2008 to reduce the incidence of errors related to DRA documentation requirements. This change will make it easier for eligibility technicians to appropriately deny clients for noncompliance with DRA.

Later in state FY08-09, CBMS will be changed to no longer allow approval without proper documentation. This change will require the technician to enter the receipt of the proper DRA verification before an application or redetermination will be approved.

Incorrect Medical Spans

The second highest identified cause of eligibility data entry errors was incorrect medical spans. This occurs when the Medicaid applicant requested backdating on the application and the request is not addressed by the eligibility technician. An example of this is when an application is received in April with a request for backdating of Medicaid for medical expenses in February. If the eligibility technician does not enter or recognizes the request for the backdated months and neglects to collect appropriate verification and documentation, eligibility can not be determined for the months prior to application. This issue accounted for approximately 27.14 percent of the eligibility data entry errors.

Recommendation

The Department needs to provide additional training on accurately backdating Medicaid applicants.

Department's Administrative Action to Prevent or Reduce Errors

The Department will conduct three regional trainings in the fall of 2008 that will address properly backdating Medicaid.

Income Calculated Incorrectly

The third highest identified root cause of eligibility data entry errors was income calculated incorrectly. It contributed approximately 20.0 percent of the errors within this Eligibility component. This included errors such as:

- Data entry of the wrong pay cycle. Most of these errors were caused by entering the pay cycle as two times a month instead of every two weeks. By entering the data as twice a month, it discounts the two additional payments that occur each year. This can lead to making the applicant incorrectly under income and therefore, incorrectly eligible.
- Incorrect income amounts being entered. This included entering the net income instead of the gross income.
- Incorrectly starting and ending payroll cycles. This can occur when an applicant or client has a change in circumstance with employment. If the technician does not properly end date the income and properly enter the new start date, the result can be gaps in income or duplication of income. The gaps in income can improperly make individuals eligible who are over income.

Recommendation

The Department needs to continue to provide training regarding correct data entry of income.

Department's Administrative Action to Prevent or Reduce Errors

Entry of income is taught in CBMS trainings prior to the user having access to the system. There has also been Knowledge Transfer calls, ongoing CBMS training classes and ad hoc trainings continuously offered to users. In addition, entry of income was conducted at the Social Services Technical and Business Staff conference in April of

2008. The Department will conduct three regional trainings in the fall of 2008 that will address properly entering earned and unearned income and correctly ending the income record in CBMS.

Resources Counted Incorrectly

Resources counted incorrectly contributed to approximately 7.14 percent of the eligibility data entry errors. The Department has documented training in this area. However, resources are no longer counted toward eligibility for Family Medicaid as of July 1, 2006. Due to this, the Department will be focusing resources in the Adult Medicaid categories.

Overall Department Administrative Action to Prevent or Reduce Errors for All Data Entry Errors

The Department is aware that data entry errors have contributed to eligibility errors and will work with the County Departments of Human/Social Services to implement a quality improvement plan related to data entry accuracy. It is understood that not all County Departments of Human/Social Services have the resources to implement such a quality improvement plan uniformly. It is expected that the Department will implement this procedure by September 1, 2008 and that the counties will operationalize their quality improvement plans by January 1, 2009. The Department will continue to require the MA sites to have quality improvement plans to monitor data entry accuracy.

Eligibility Component # 3: Medical Spans Incorrect

There were no errors attributed to this EC.

Eligibility Component # 4: Untimely Processing

The second highest category of errors noted in this study were timeline processing errors. These are cases where the application was not timely processed after receipt of all necessary client information according to the timelines in federal or state law or regulations. This accounted for 40 errors identified in the study with an overall error rate of approximately 14.49 percent and contributed to approximately 36.04 percent of the errors identified in this study.

Recommendation

The Department will need to continue to work with the eligibility sites to ensure that applications and redeterminations are processed timely.

Department's Administrative Action to Prevent or Reduce Errors

The Department has an Exceeding Processing Guidelines (EPG) unit that works with the county department of social / human services and the MA sites to assist the sites in reducing the number of cases that are truly exceeding processing guidelines. The Department has also recently formed a quality eligibility group that will be identifying new methods for improving timely processing and will be monitoring the corrective action plans obtained from the eligibility sites based on current and previous MEQC findings regarding timely processing.

Eligibility Component #5: Notice of Action Incorrect or Inconsistent With Case Action

The fifth criteria for this study examined whether the system produced a timely and accurate noticing regarding the sampled application or re-determination authorization. There were eight client cases that were noted to have untimely or inaccurate notices. The overall error rate for this eligibility component was 2.90 percent and accounted for approximately 7.21 percent of the errors identified in the study. Some of the noticing issues included:

- Not having the correct client listed on the notice (two cases)
- System produced notices without proper adequate notice of the action (six cases)

Recommendation

The Department needs to examine the notices and CBMS for ways to improve noticing.

Department's Administrative Action to Prevent or Reduce Errors

The Department formed a noticing task force to rectify noticing deficits. In November 2007, a CBMS system change was completed that addressed the issues of ensuring that all applicants are correctly listed on the notice. The problem of system produced noticing not allowing timely notice of the action is scheduled for correction later in state FY08-09.

VI. AVAILABILITY OF FINAL REPORT

The final report will be posted on the Department's Web site and will be sent to all eligibility sites along with case and eligibility site specific results. This will allow the eligibility sites the opportunity to analyze and trend their own data and develop effective and meaningful quality improvement plans as necessary. The Department will also oversee and monitor the quality improvement plans.