Medicaid Eligibility Quality Control

Individual and Family Medicaid/

Children's Basic Health Plan

Negative Pilot Project Final Report:

March 2006 – February 2007

I. PURPOSE:

The Colorado Department of Health Care Policy and Financing (the Department) wanted to embark on a comprehensive and meaningful study that would effectively improve the eligibility process and increase the accuracy of eligibility determinations for Medicaid and the Children's Basic Health Plan (CHP). The pilot was a statewide evaluation of all individuals that were determined not to be eligible or terminated from Medicaid or CHP during the audit period. Cases with no action during the audit period or are part of the state only funded programs or the Colorado Indigent Care Program were not be selected. The Medicaid Eligibility Quality Control (MEQC) Unit reviewed and analyzed individual open client cases for the months of March 2006- February 2007.

Since the Department's centralized 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 affected the Medicaid and CHP eligibility determination process. By selecting samples from the Medicaid and CHP programs, this pilot project was designed to evaluate the accuracy of the eligibility determination and the timely processing of Medicaid and CHP applications. The pilot analyzes the process from the point of data entry, through the determination made by the eligibility system's rules engine, and finally to the examination of proper noticing. In addition, the pilot examines timely processing of the application and whether eligibility spans are correct for clients found eligible. The Department has used the results of this study to identify trends and issues that must be rectified in order to improve administration of the Medicaid and CHP program.

II. SCOPE OF THE REVIEW

Objective

The scope of this study was an in-depth and detailed analysis of the Medicaid and CHP 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 denied or terminated (negative cases) eligibility cases from the Medicaid and CHP programs with the exception of state only funded programs and the Colorado Indigent Care Program. The study looked at the negative client cases for the period of March 1, 2006 through February 28, 2007. The universe of the audit sample was:

(1) All individuals or families that are determined not to be eligible or terminated from Medicaid or CHP during the audit period.
(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, 234 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	35	14.96%
Adams	17	7.26%
Alamosa	1	0.43%
Arapahoe	23	9.83%
Bent	0	0.00%
Boulder	9	3.85%
Broomfield	2	0.85%
Chaffee	2	0.85%
Conejos	0	0.00%
Costilla	0	0.00%
Custer	1	0.43%
Delta	0	0.00%
Denver	34	14.53%
DHH	12	5.13%
Douglas	4	1.71%
Eagle	2	0.85%
El Paso	35	14.96%
Elbert	1	0.43%
Fremont	2	0.85%
Garfield	2	0.85%
Gilpin	0	0.00%
Grand	0	0.00%
Gunnison	0	0.00%
Huerfano	0	0.00%
Jackson	0	0.00%
Jefferson	12	5.13%
Kit Carson	0	0.00%
La Plata	0	0.00%
Larimer	6	2.56%
Las Animas	1	0.43%
Lincoln	0	0.00%
Logan	2	0.85%
Mesa	8	3.42%
Moffat	1	0.43%
Montezuma	0	0.00%
Montrose	2	0.85%
Morgan	0	0.00%
Otero	2	0.85%
Phillips	0	0.00%
Pitkin	0	0.00%
Prowers	0	0.00%
Pueblo	5	2.14%
Rio Grande	0	0.00%
Routt	1	0.43%
Saguache	1	0.43%
Summit	1	0.43%
Teller	1	0.43%
Weld	9	3.85%
Yuma	0	0.00%
Grand Total	**234**	**100.00%**

Figure1

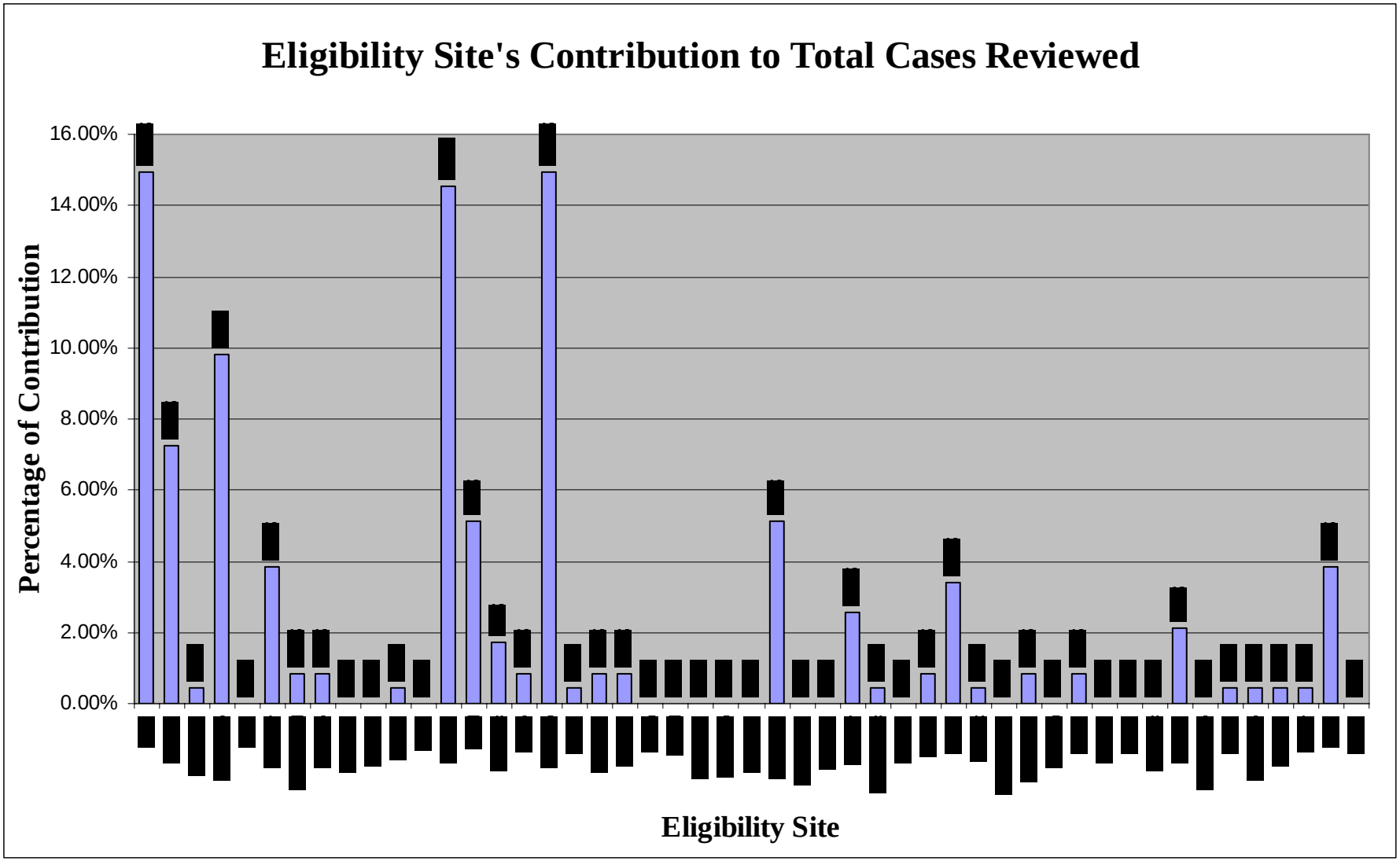
Eligibility Site's Contribution to Total Cases Reviewed
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
Percentage of Contribution
Eligibility Site

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 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 where captured on the *Medicaid Eligibility Case Action Review Worksheet* designed for this project. These findings were recorded in the Microsoft Access database developed for this pilot.

Case specific errors were reported to the eligibility sites (counties and Medical Assistance sites) 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 demonstrates the number of eligibility errors attributed to a CBMS caused determination error. There was one client case that had a CBMS caused eligibility errors out of 234 client cases. This represents a 0.43% overall error rate and contributed 1.30% of the errors identified in this study. EC2 represents the number of eligibility errors caused by data entry errors. Data entry errors had the second highest overall error rate at 9.40% and accounted for approximately 29% 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 associated with this eligibility component. EC4 demonstrates the number of client cases that were not timely processed according federal or state law or regulations. Timely processing had an overall case error rate of 7.26% and accounted for approximately 22% of the errors identified in this study. EC5 identifies the number of clients where the system did not produce a timely and accurate notice. This component had the highest error rate with an overall case error rate of 15.81% and contributed to approximately 48% of the errors identified in the study.

Case Error Rate by Component			
Eligibility Component (EC) Number	**EC Description**	**Total Cases with EC in Error**	**Percentage of Error (Error Rate)**
1	CBMS Determination Errors	1	0.43%
2	Data Entry Errors	22	9.40%
3	Unmatching Medical Spans	0	0.00
4	Untimely Processing	17	7.26%
5	NOA Inaccurate/ Untimely	37	15.81%

Figure 3

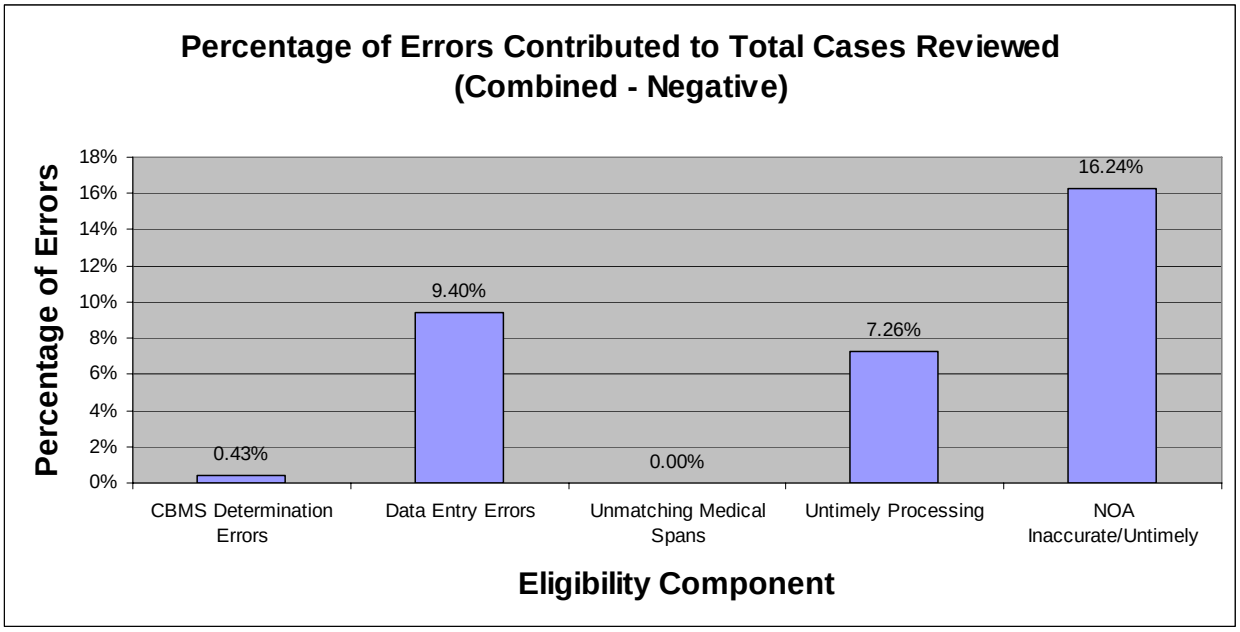

Figure 4

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	1	1.30%
2	Data Entry Errors	22	28.57%
3	Unmatching Medical Spans	0	0.00%
4	Untimely Processing	17	22.08%
5	NOA Inaccurate/Untimely	37	48.05%
Grand Total		**77**	**100.00%**

Figure 5

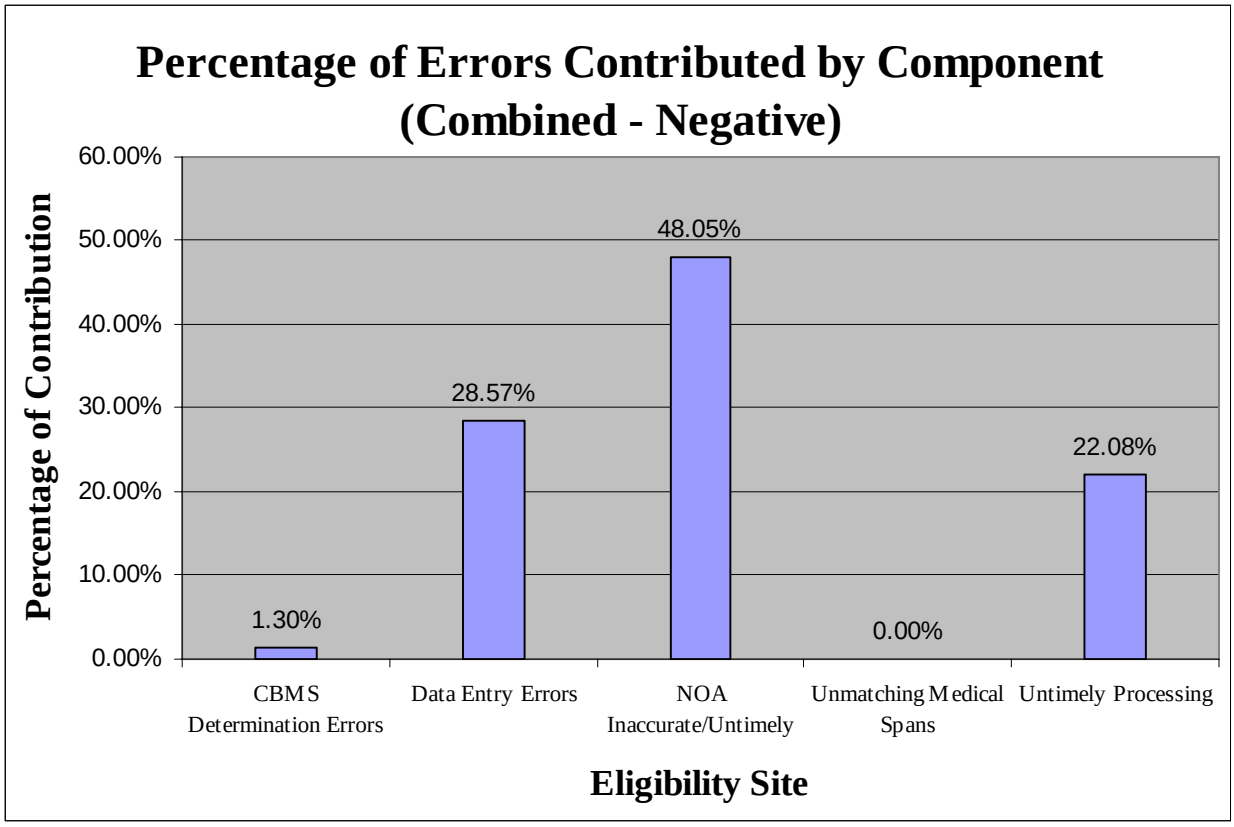

Figure 6

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; recommendation and administrative actions are also presented.

Eligibility Component #1: CBMS Caused Errors

EC1 examined whether the denial or termination of any application or re-determination as based on information entered into CBMS is correct to determine any CBMS caused errors. Figure 7 breaks down the root cause of the CBMS caused errors. The overall error rate for EC1 was 0.43%. The one case that was identified as having an error was due to income that was calculated incorrectly.

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 the CBMS so income is calculated accurately.

Department's Administrative Action to Reduce or Prevent Errors.

The Department corrected the system issues identified with the one case in November 2007.

Percentage of CBMS Caused Determination Errors by Root Cause

Cause of Errors	Total Cases of CBMS Determination Errors	Percent of Total Statewide Errors
12 Month guarantee	0	0.00%
CHP+ Not Processed	0	0.00%
Client / Authorized Representative	0	0.00%
Co-Pay Assigned Incorrectly	0	0.00%
Data Entry	0	0.00%
Disability Determination Not in File	0	0.00%
DRA Error	0	0.00%
Eligibility Determined Untimely	0	0.00%
Enrollment Fee Determined Incorrectly	0	0.00%
Income Calculated Incorrectly	1	4.35%
Incorrect Eligibility Determination	0	0.00%
Incorrect Medical Spans	0	0.00%
Level of Care Assessment Not in File	0	0.00%
Medical Spans Discontinued Incorrectly	0	0.00%
Medical Spans Discontinued Untimely	0	0.00%
NOA Inconsistent w/ Case Action	0	0.00%
NOA Untimely	0	0.00%
Other	0	0.00%
Pregnancy Verification or Physician Statement Not In File	0	0.00%
Resources Calculated Incorrectly	0	0.00%
Grand Total	**1**	**4.35%**

Figure 7

Eligibility Component # 2: Data Entry Errors

Figure 8 below breaks down the data entry errors by root cause. Data entry errors were identified as the second most prevalent cause errors in the study. Overall, it accounted for approximately 29% of the errors. Data entry issues can come from a variety of sources so further analysis was conducted to identify the root cause. Figure 8 below breaks identifies the root causes of the data entry eligibility errors.

Percentage of Data Entry Error Contributed by Each Root Cause

Cause of Errors (Error Name)	Total Cases of Data Entry Errors	Percent of Total Statewide Errors
12 Month guarantee	0	0.00%
CHP+ Not Processed	1	4.35%
Client / Authorized Representative	0	0.00%
Co-Pay Assigned Incorrectly	0	0.00%
Data Entry	0	0.00%
Disability Determination Not in File	0	0.00%
DRA Error	3	13.04%
Eligibility Determined Untimely	0	0.00%
Enrollment Fee Determined Incorrectly	0	0.00%
Income Calculated Incorrectly	9	39.13%
Incorrect Eligibility Determination	2	8.70%
Incorrect Medical Spans	4	17.39%
Level of Care Assessment Not in File	0	0.00%
Medical Spans Discontinued Incorrectly	2	8.70%
Medical Spans Discontinued Untimely	0	0.00%
NOA Inconsistent w/ Case Action	1	4.35%
NOA Untimely	1	4.35%
Other	0	0.00%
Pregnancy Verification or Physician Statement Not In File	0	0.00%
Resources Calculated Incorrectly	0	0.00%
Grand Total	**23**	**100.00%**

Figure 8

Please note: grand total in figure 8 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 6 reflects the number of cases with eligibility errors and Figure 8 reflects the number of eligibility errors.

Income Calculated Incorrectly

The predominate root cause of eligibility data entry errors was income calculated incorrectly. It contributed approximately 39% of the errors on 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.
- Incorrect income amounts being entered.
- 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 duplication in income can improperly make individuals over income and therefore inaccurately ineligible.

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 adhoc 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 continue to assess the need for further training on data entry of income.

Incorrect Medical Spans
The second highest identified cause of eligibility data entry errors was incorrect medical spans. It accounted for approximately 17% of the error in this eligibility component. This is created when Medicaid is incorrectly retro closed. An illustration of this would be when the eligibility technician enters the wrong termination date without allowing adequate and proper noticing. This results in the clients losing eligibility for additional months.

Recommendation
The Department will need to continue to train and reinforce policy on proper client notification.

Department's Administrative Action to Prevent or Reduce Errors
Please see the Department's overall data entry correction plan. In addition, the Department will look for opportunities to reinforce policy on proper client notification.

Deficit Reduction Act Documentation Error
Approximately 13% of data entry errors that were attributed to documentation requirements surrounding the Deficit Reduction Act (DRA) of 2005. These errors were caused by denials of eligibility at application for husbands with no other children in the home and pregnant wives. At a later time in our study when the new born was added, eligibility began for the father and no documents to verify DRA compliance were collected.

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 trainings DRA trainings were conducted in spring of 2007. The Department engaged in further training in April 2008. Based on the result of the third MEQC study (analyzing client cases from March 2007 to August 2007), the Department will ascertain if additional training is necessary.

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 may not 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: Unmatching Medical Spans.
There were no unmatching medical spans identified in this study.

Eligibility Component # 4: Untimely Processing
The third highest category of errors noted in this study were timeline processing errors. These are cases were 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 17 errors identified in the study with an overall error rate of 7.26% and contributed approximately 22% of the errors in the 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 developed and continues to examine the Exceeding Processing Guideline (EPG) report. The EPG report identifies the cases that have exceeded the federal and state requirements according to federal and state law. The Department is refining the EPG report so that it is more useful. The Department also has an 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.

Eligibility Component #5: Notice of Action Incorrect or Inconsistent With Case Action
Eligibility component number 5 had the highest incidence of errors in all eligibility components. 38 client case errors were identified, accounting for approximately 48% of the errors within this study. Errors in this eligibility component included:

- Not providing advanced notice. In some cases, CBMS did not provide for adequate advance notice when a client did not submit a completed redetermination packet. In other words, a client who should have been notified of a March discontinuance for not submitting a completed redetermination packet would not receive their notice until April. This accounted for approximately 27 out of the 38 errors attributed to this eligibility component.
- In five of the client cases reviewed, the notice did not contain a closure date.
- No notice generated for the denial or termination (7 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 no closure date on the noticing. The problem of notices not being generated for denials and terminations will be corrected with a CBMS system change to be completed in May 2008.

Cases where advanced noticed was not provided were referred to the Eligibility Operations and System staff for further analysis.

VI. AVAILABILITY OF FINAL REPORT

The final report will be posted on the Department's website 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.