Medicaid Eligibility Quality Control

Individual and Family Medicaid/

Children's Basic Health Plan

Active 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 the open eligibility client cases from all Medicaid and CHP programs with the exception of state only funded programs and the Colorado Indigent Care Program. 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 open 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 active 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 determined eligible for Medicaid or CHP 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, 599 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.

Figure 1

Contribution of Cases for Each Eligibility Site

Eligibility Site	Cases Reviewed	Percentage of Statewide Review
ACS	56	9.35%
Adams	69	11.52%
Alamosa	5	0.83%
Arapahoe	57	9.52%
Bent	3	0.50%
Boulder	15	2.50%
Broomfield	3	0.50%
Chaffee	0	0.00%
Conejos	2	0.33%
Costilla	1	0.17%
Custer	1	0.17%
Delta	4	0.67%
Denver	55	9.18%
DHH	29	4.84%
Douglas	4	0.67%
Eagle	2	0.33%
El Paso	67	11.19%
Elbert	0	0.00%
Fremont	10	1.67%
Garfield	6	1.00%
Gilpin	2	0.33%
Grand	1	0.17%
Gunnison	1	0.17%
Huerfano	2	0.33%
Jackson	1	0.17%
Jefferson	41	6.84%
Kit Carson	1	0.17%
La Plata	3	0.50%
Larimer	27	4.51%
Las Animas	4	0.67%
Lincoln	1	0.17%
Logan	6	1.00%
Mesa	18	3.01%
Moffat	2	0.33%
Montezuma	5	0.83%
Montrose	4	0.67%
Morgan	4	0.67%
Otero	8	1.34%
Phillips	3	0.50%
Pitkin	1	0.17%
Prowers	3	0.50%
Pueblo	37	6.18%
Rio Grande	2	0.33%
Routt	1	0.17%
Saguache	0	0.00%
Summit	2	0.33%
Teller	2	0.33%
Weld	27	4.51%
Yuma	1	0.17%
Grand Total	**599**	**100.00%**

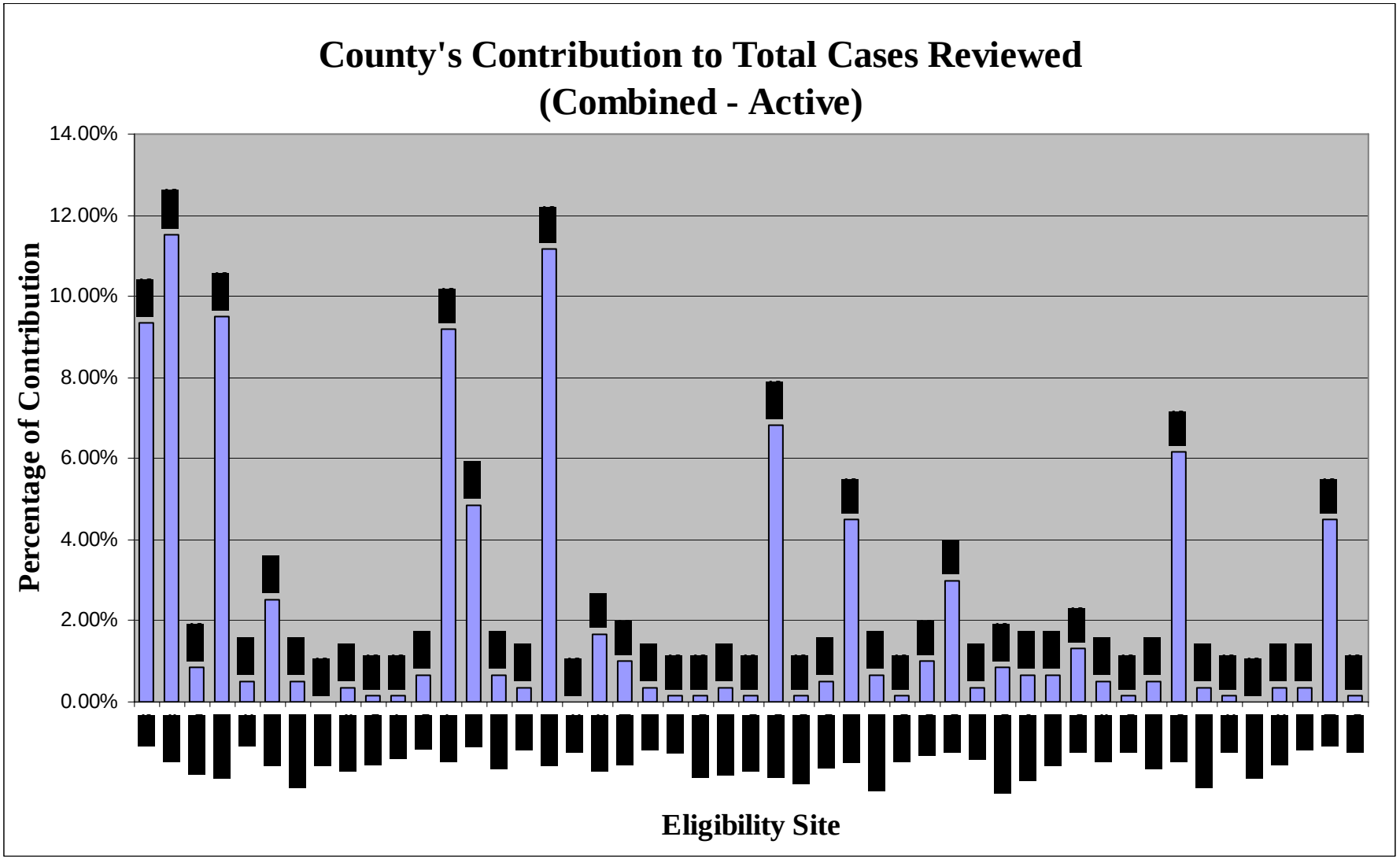
County's Contribution to Total Cases Reviewed
(Combined - Active)
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
Percentage of Contribution
Eligibility Site

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 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 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) 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 Eligibility Component (EC). Figures 5 and 6 illustrate each EC's contribution to the overall error rate. EC number 1 shows the number of cases with eligibility errors attributed to a CBMS caused determination error. There were 5 client cases that had a CBMS caused eligibility errors out of 599 client cases. This represents a 0.83% error rate and contributed to approximately 2% 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 21% and accounted for 48% 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. This accounted for less than 1% of the identified errors or a 0.3% overall error rate for the sample. EC4 demonstrates the number of client cases that were not processed according federal or state law or regulations. Timely processing accounted for the second highest error rate in this study at 42% of the identified errors or approximately 18% of the sample was not processed timely. EC5 identifies the number of clients where the system did not produce a timely

and accurate notice. This eligibility component had a 3% overall error rate and contributed to approximately 6% of the identified errors.

Case Error Rate by Component			
Eligibility Component (EC) Number	**EC Description**	**Total Cases with EC in Error**	**Percentage of Errors (Error Rate)**
1	CBMS Determination Errors	5	0.83%
2	Data Entry Errors	123	20.53%
3	Unmatching Medical Spans	2	0.33%
4	Untimely Processing	107	17.86%
5	NOA Inaccurate/Untimely	15	2.50%

Figure 3

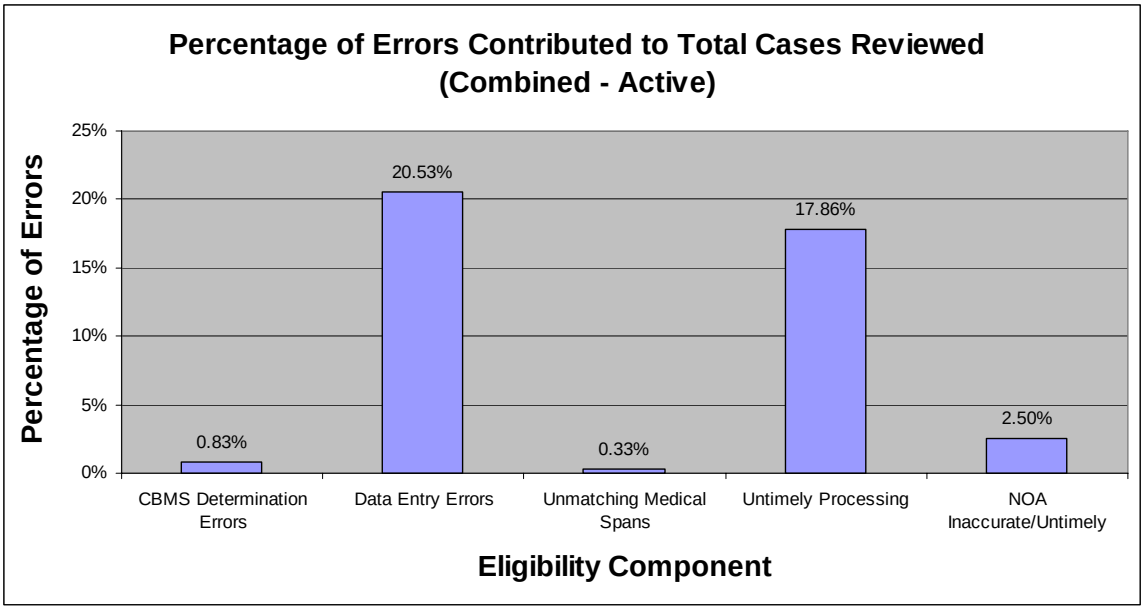

Figure 4

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	5	1.98%
2	Data Entry Errors	123	48.08%
3	Unmatching Medical Spans	2	0.79%
4	Untimely Processing	107	42.46%
5	NOA Inaccurate/ Untimely	15	5.95%
Grand Total		**252**	**100.00%**

Figure 5

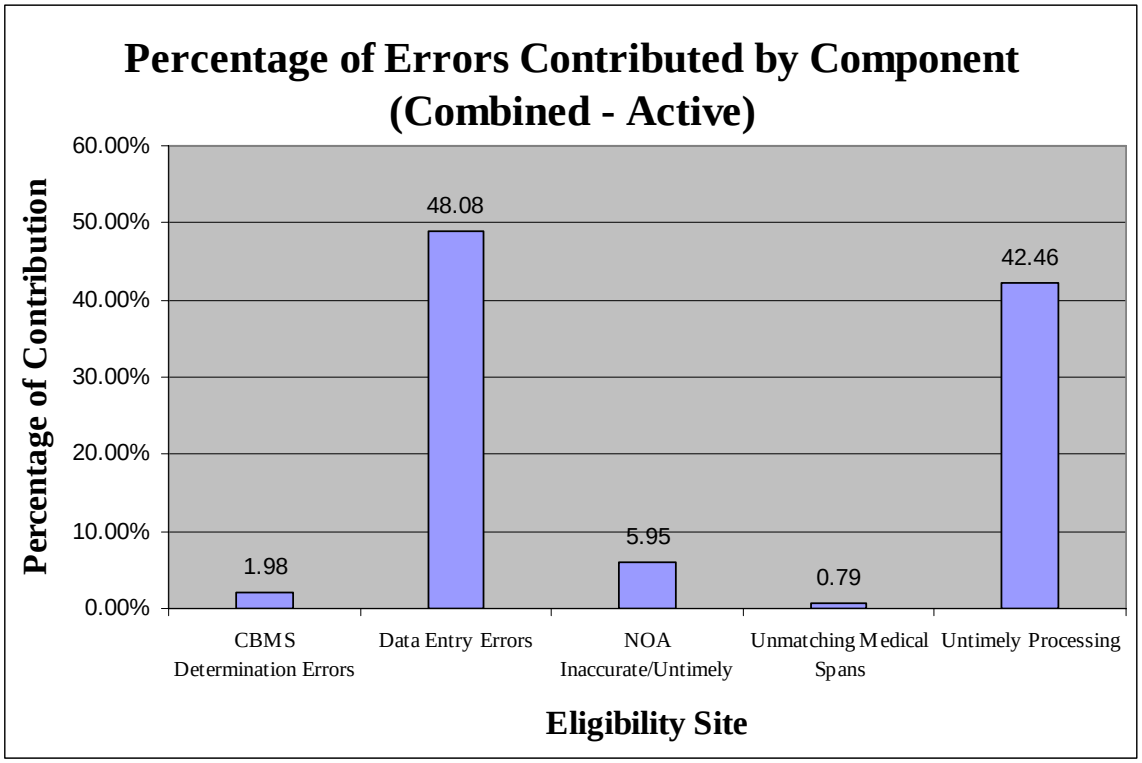

Figure 6

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 is correct to determine any CBMS caused errors. As mentioned earlier, the overall eligibility error rate for eligibility component #1 was 0.83%. Figure 7 identifies the root cause of the system errors. The most common identified root cause of the system error was income that was calculated incorrectly. Four out of the five cases found in error were attributed to income being 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 CBMS so income is calculated accurately.

Department's Administrative Action to Reduce or Prevent Errors.

The Department corrected the system issues identified with calculating income incorrectly in November 2007. The remaining case was referred to the Eligibility Section for investigation and correction.

Percentage of CBMS Caused Determination Errors by Root Cause

Cause of Errors (Error Name)	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	4	80.00%
Incorrect Eligibility Determination	1	20.00%
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	**5**	**100.00%**

Figure 7

Eligibility Component # 2: Data Entry Errors

Data entry errors were identified as the primary cause of errors in the study. The overall error rate for EC 2 was approximately 21%. Data entry issues can come from a variety of sources so further analysis was conducted to identify the root cause. Figure 8 below 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	1	0.71%
CHP+ Not Processed	0	0.00%
Client / Authorized Representative	0	0.00%
Co-Pay Assigned Incorrectly	0	0.00%
Data Entry	3	2.13%
Disability Determination Not in File	1	0.71%
DRA Error	59	41.84%
Eligibility Determined Untimely	0	0.00%
Enrollment Fee Determined Incorrectly	0	0.00%
Income Calculated Incorrectly	31	21.99%
Incorrect Eligibility Determination	7	4.96%
Incorrect Medical Spans	27	19.15%
Level of Care Assessment Not in File	1	0.71%
Medical Spans Discontinued Incorrectly	3	2.13%
Medical Spans Discontinued Untimely	0	0.00%
NOA Inconsistent with Case Action	0	0.00%
NOA Untimely	0	0.00%
Other	0	0.00%
Pregnancy Verification or Physician Statement Not In File	2	1.42%
Resources Calculated Incorrectly	6	4.26%
Grand Total	**141**	**100.00%**

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.

Figure 8

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 42% 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. The DRA requirements for eligibility were implemented on July 1, 2006. The short implementation time period between when the federal regulations became final and the period to implement DRA eligibility requirements may have contributed to the DRA errors identified in this study since the cases examined were from March 2006 through February 2007. In addition, new policy may have higher error rates while training is still occurring and clarifications are necessary.

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 the third MEQC study (analyzing client cases from March 2007 to August 2007), the Department will ascertain if additional training is necessary.

To take additional steps to improve adherence to DRA requirements, the Department will implement 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.

Income Calculated Incorrectly
The second highest identified root cause of eligibility data entry errors was income calculated incorrectly. It contributed approximately 22% 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 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 third 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% 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 has conducted several trainings in this area and will consider additional training.

Resources Counted Incorrectly

Resources counted incorrectly contributed to approximately 4% of the eligibility data entry errors. The Department has documented training in this area. However, resources are no longer counted toward eligibility as of July 1, 2006. Due to this, the Department will not be focusing resources in this area.

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: Medical Spans Incorrect

The third component analyzed during this study was whether or not the medical spans in MMIS and CBMS were matching. Matching medical spans that are open allow for health care providers to bill for the correct period of time. There were two cases out of 599 were the medical spans did not match. The overall error rate for this eligibility component 0.33% and accounted for 0.79% of the errors in this study.

Recommendation

The Eligibility Operation and System personnel along with the Claims System personnel will need to research each of the two cases to identify the root cause of the error.

Department's Administrative Action to Prevent or Reduce Errors.
These two cases have been referred to the Eligibility sections. Information learned from the outcome of this research will be used to eliminate any further issues.

Eligibility Component # 4: Untimely Processing
The second 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 107 errors identified in the study with an overall error rate of approximately 18% and contribute to approximately 42% 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 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
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 15 client cases that were noted to have untimely or inaccurate notices. The overall error rate for this eligibility component was 2.5% and accounted for approximately 6% of the errors identified in the study. Some of the noticing issues included:

- Not having the correct client listed on the notice (2 cases),
- Not including all eligible family members on the notice (4 cases),
- No notice generated for the approval (8 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 notices not being generated for all approvals is scheduled for a system correction in May 2008.

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.