Medicaid Eligibility Quality Control
Individual and Family Medicaid
Child Health Plan *Plus*

Negative Pilot Project
Final Report

March 2007 – August 2007

Improving access to cost-effective, quality health care services for Coloradans
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I. PURPOSE

The Medicaid Eligibility Quality Control (MEQC) Unit conducted the third phase of a comprehensive negative pilot project for the March 2007 through August 2007 time period. The pilot was a statewide evaluation of the denied, terminated, or withdrawn eligibility cases from all Medicaid programs, excluding those deemed automatically eligible due to Security Supplemental Income or Medicaid programs that are 100 percent funded by the federal government. However, a client denied for a Medicaid program may have been approved for a non-Medicaid program such as, state only funded programs, the Colorado Indigent Care Program or the Child Health Plan *Plus* (CHP+).

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 pilot looked at eligibility determinations made from March 1, 2007 through August 31, 2007. The client's file was reviewed for the entire six month period. Any documentation or change in circumstance reported to the county or medical assistance site was reviewed as well as the resulting eligibility determination based on this information. The MEQC team evaluated the following criteria:

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 Whether the application was timely processed after receipt of all necessary client information according to the timelines in federal or state law or regulations;

EC4 Whether the system produced a timely and accurate notice regarding the sampled application or re-determination authorization;

Sampling methodology

The universe of the audit sample was all individuals determined to have a negative case action for Medicaid during the audit period. Cases with no action during the review months were not selected. A negative case action was defined as:

1) A complete Medicaid application that was denied or otherwise closed without a determination of eligibility, because the application was withdrawn or abandoned, or with a determination for another program (such as CHP+).
2) An individual or family for whom Medicaid eligibility was terminated during the audit period.

The data was pulled entirely from CBMS so that all eligibility data would be available. In total, 108 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	30	27.78%
Adams	10	9.26%
Arapahoe	6	5.56%
Archuleta	1	0.93%
Boulder	3	2.78%
Broomfield	1	0.93%
Costilla	1	0.93%
Crowley	1	0.93%
Delta	1	0.93%
Denver	6	5.56%
DHH	7	6.48%
Douglas	1	0.93%
El Paso	8	7.41%
Fremont	1	0.93%
Garfield	1	0.93%
Jefferson	3	2.78%
La Plata	2	1.85%
Larimer	3	2.78%
Las Animas	1	0.93%
Logan	2	1.85%
Mesa	1	0.93%
Moffat	1	0.93%
Montezuma	1	0.93%
Montrose	1	0.93%
Prowers	1	0.93%
Pueblo	4	3.70%
Summit	2	1.85%
Teller	2	1.85%
Weld	6	5.56%
Grand Total	**108**	**100.00%**

Please note: Two case records were not produced by El Paso County. MEQC attempted on three different occasions to contact these clients. The attempts were not successful causing MEQC to replace these cases.

Figure 1

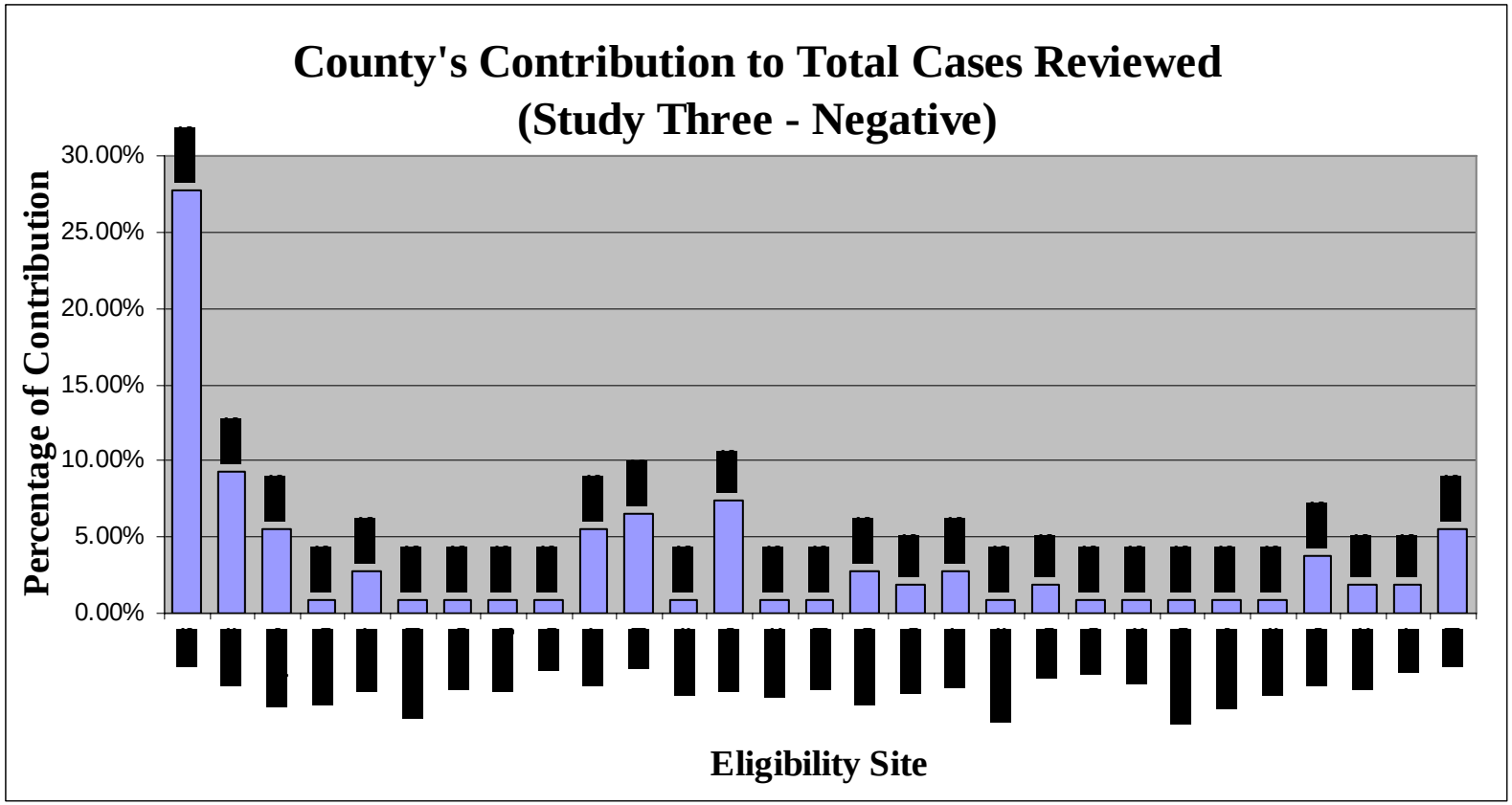
County's Contribution to Total Cases Reviewed
(Study Three - Negative)
Percentage of Contribution
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
Eligibility Site

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 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 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 were five client cases that had a CBMS caused eligibility errors out of 108 client cases. This represents a 4.63 percent overall error rate and contributed 12.82 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 second highest overall error rate at 10.19 percent and accounted for approximately 28.21 percent of the errors in the study.
- EC3 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 6.48 percent and accounted for approximately 17.95 percent of the errors identified in this study.

- EC4 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 14.81 percent and contributed to approximately 41.03 percent of the errors identified in the study.

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	5	4.63%
2	Data Entry Errors	11	10.19%
3	Untimely Processing	7	6.48%
4	NOA Inaccurate/Untimely	16	14.81%
Grand Total		**39**	**36.11%**

Figure 3

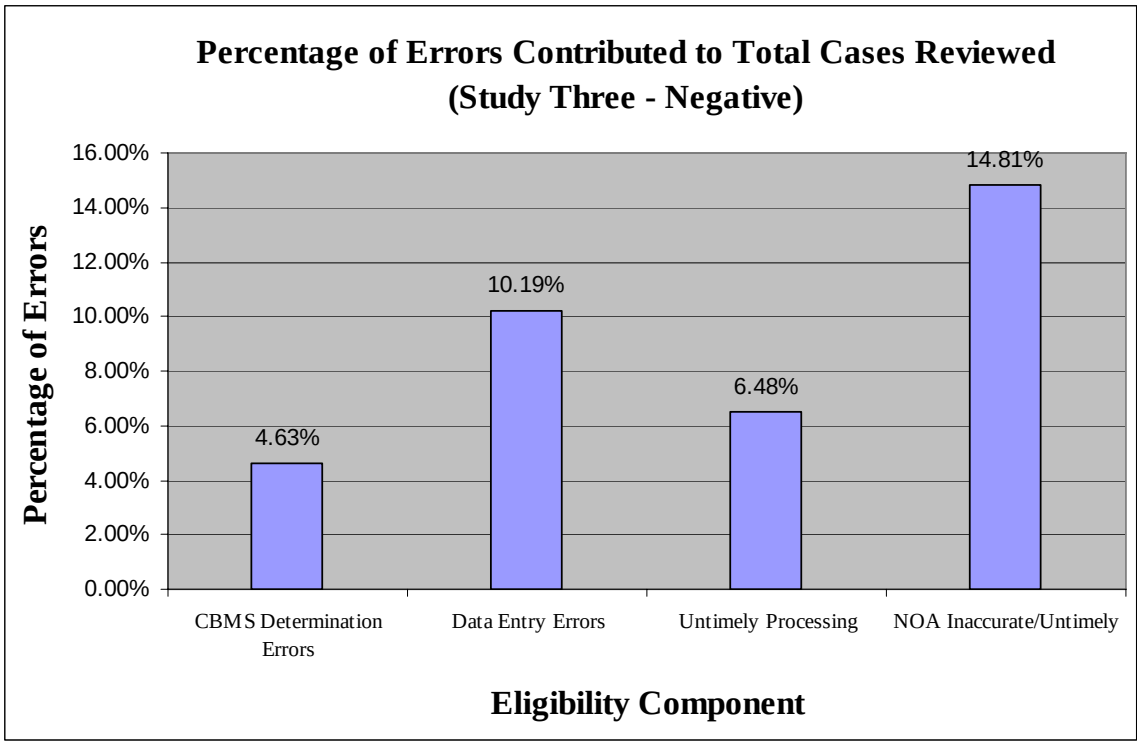

Figure 4

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	12.82%
2	Data Entry Errors	11	28.21%
3	Untimely Processing	7	17.95%
4	NOA Inaccurate/Untimely	16	41.03%
Grand Total		**39**	**100.00%**

Figure 5

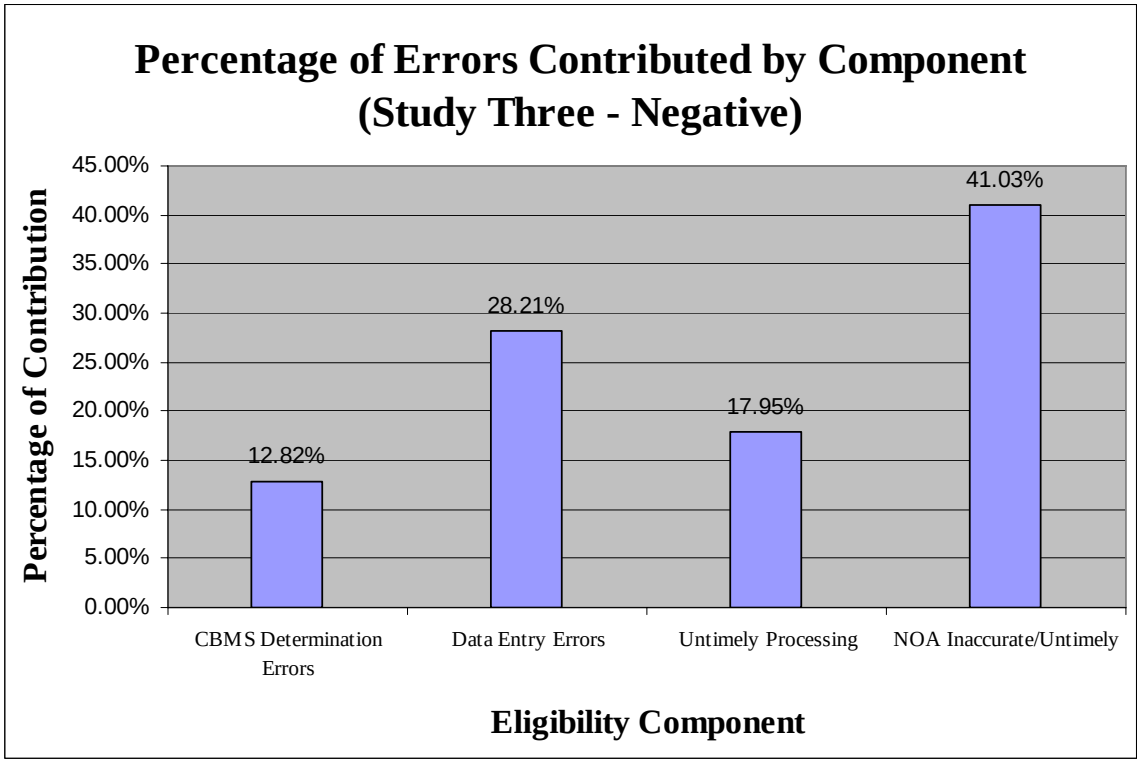

Figure 6

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 4.63 percent. The five cases that were identified as having an error for this component were due to:

- Income calculation incorrect due to improper child support disregard.
- Miscalculation of unearned income to client
- Prior year medical span was eliminated when redetermination was processed and Medicaid eligibility was continued.
- CBMS created a closure date for a medical span that was not the same as the date requested by the eligibility site worker

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 continue to correct the CBMS so medical spans are correct.

Department's Administrative Action to Reduce or Prevent Errors

The Department has submitted to a test panel the issue of the elimination of prior medical spans and will determine the need for a system correction upon the completion of this investigation. Later in state FY08-09, CBMS will be corrected to properly calculate income to Medicaid clients and will include the proper calculation of child support disregards. The Eligibility Section is investigating and working toward the misapplication of the AFDC income disregard.

Percentage of CBMS Determination Errors by Root Cause		
Cause of Errors (Error Name)	**Total Cases of CBMS Determination Errors**	**Percent of Total Statewide Errors**
Income Calculated Incorrectly	2	40.00%
Medical Spans Discontinued Incorrectly	3	60.00%
Grand Total	**5**	**100.00%**

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 highest cause for errors in this study and accounted for an overall error rate of approximately 10.19 percent 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 Errors Contributed by Each Root Cause		
Cause of Errors (Error Name)	**Total Cases of Data Entry Errors**	**Percent of Total Statewide Errors**
Data Entry	1	9.09%
Income Calculated Incorrectly	1	9.09%
Incorrect Eligibility Determination	2	18.18%
Incorrect Medical Spans	2	18.18%
Medical Spans Discontinued Incorrectly	4	36.36%
Resources Calculated Incorrectly	1	9.09%
Grand Total	**11**	**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 3 reflects the number of cases with eligibility errors and Figure 8 reflects the number of eligibility errors.

Figure 8

Medical Spans Discontinued Incorrectly

The predominate root cause of eligibility data entry errors was medical spans being discontinued incorrectly. It contributed approximately 36.36 percent of the errors in this eligibility component. This included errors such as:

- Discontinuing the medical span for a needy newborn for an improper reason.
- Medicaid coverage was ended; however the client was not reviewed for CHP+ eligibility.
- The redetermination of eligibility was not timely reviewed creating an incorrect medical span end date and allowing additional months of Medicaid for which the client was not eligible.

Recommendation

The Department needs to continue to provide training regarding correctly ending medical spans and reviewing clients for continued eligibility in other programs.

Department's Administrative Action to Prevent or Reduce Errors
Entry of end dates is taught in CBMS trainings prior to the user having access to the system. There have also been Knowledge Transfer calls, ongoing CBMS training classes and ad hoc trainings continuously offered to users. In addition, properly ending medical spans was conducted at the Social Services Technical and Business Staff conference in April 2008. The Department will continue to assess the need for further training on data entry during the upcoming regional trainings scheduled in September, October and November 2008.

Incorrect Medical Spans / Incorrect Eligibility Determination
The second highest root cause of eligibility data entry errors at two each was incorrect medical spans and incorrect eligibility determination. Each of these root causes attributed approximately 18.18 percent of the errors for this eligibility component. These errors were caused by:

- Medicaid was incorrectly retro closed at redetermination. (one case) Redeterminations that were not processed timely causing a break in the medical span. (one case)
- Case file does not contain a completed application. (two cases)

Recommendation
The Department will need to continue to train and reinforce policy on proper redetermination processing and application review.

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 redetermination processing.

Income Calculated Incorrectly / Resources Calculated Incorrectly / Data Entry
Each of these root causes had at least one eligibility data entry errors and in this eligibility component and contributed 9.09 percent of the errors each. These errors are:

- Income was entered at application without proper verification and Medicaid was approved. When income was verified at a later date the client was found to be not eligible from date of application.
- Wrong amount of income was entered causing an incorrect denial of benefits.
- Resources not verified at redetermination creating an incorrect denial.

Recommendation
The Department will need to continue to train and reinforce policy and proper procedures.

Department's Administrative Action to Prevent or Reduce Errors
Please see the Department's overall data entry correction plan. In addition, the Department has regional trainings scheduled in September, October and November 2008 that will reinforce these eligibility components.

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 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: 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 seven errors identified in the study with an overall error rate of 6.48 percent and contributed approximately 17.95 percent 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 an Exceeding Processing Guidelines (EPG) unit that works with the County Departments 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 #4: Notice of Action Incorrect or Inconsistent With Case Action

EC4 had the highest incidence of errors in all eligibility components. Sixteen client case errors were identified, accounting for approximately 41.03 percent of the errors within this study and an overall error rate of 14.81 percent. Errors in this eligibility component included:

- Not providing advanced notice. In these 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. (seven cases)
- No notice generated for the denial or termination. (seven cases)
- Clients name not on the notice. (two 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 was corrected with a CBMS system change 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 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.