

Medicaid and CHIP Eligibility Review Pilot Guidance

Pilot: 1st Round, Due June 2014

Issued: October 2013

Background

State Health Official Letter 13-005 issued on August 15, 2013 directs states to implement Medicaid and Children's Health Insurance Program (CHIP) Eligibility Review Pilots in place of the Payment Error Rate Measurement (PERM) and Medicaid Eligibility Quality Control (MEQC) eligibility reviews for fiscal years (FY) 2014 – 2016. States will conduct four streamlined pilot measurements over the three year period. The pilot measurement results should be reported to CMS by the last day of June 2014, December 2014, June 2015, and June 2016.

This guidance is intended for the first round of pilots due June 2014. Guidance for later pilots will be released based on lessons learned from the first round of pilots.

Impact on Current Eligibility Measurements

States are expected to finish current pilot and traditional MEQC reviews. The Medicaid and CHIP eligibility review pilots replace MEQC pilot and traditional reviews beginning with the FY 2014 pilot proposals/sampling plans that would have been due August 1, 2013 or later. FY 2013 MEQC pilot and traditional reviews should continue and findings are due in 2014. That means states that are performing MEQC reviews on a calendar year basis will have a 3 month (October 2013 – December 2013) overlap between their FY 2013 MEQC reviews and Medicaid and CHIP eligibility review pilots.

For information on the impact on the PERM program please see the PDF document titled, "All State PERM Call Outline" distributed to states on August 19, 2013.

Due Dates

Pilot proposals may be submitted to CMS from October 15, 2013 to December 31, 2013. States must ensure proposals are submitted to CMS no later than December 31, 2013. Attached to this guidance is a pilot proposal template that outlines the information states must include in their pilot proposals. CMS is working on enhancing the PERM Eligibility Tracking Tool website to accept Medicaid and CHIP Eligibility Review pilot proposals. Instructions for registering for and using the site will be sent to states once it is operational. Until the website is functional, CMS will provide a form to use for pilot proposal submission via email to FY2014-2016EligibilityPilots@cms.hhs.gov. Once pilot proposals are submitted to CMS, CMS will review and provide comments or approval within 2 weeks. If CMS does not approve the proposal, states will have 1 week to revise the proposal based on CMS comments. If during the course of the pilot reviews states see the need to change their approach, a revised pilot proposal should be submitted to CMS documenting the necessary changes.

Pilot findings are due to CMS no later than June 30, 2014.

Scope of Review

Through these pilots, states are expected to evaluate the performance of both automated processes and caseworker action.

To evaluate automated processes, CMS will provide each state a set of no more than 10 test cases. States must run these test cases at least once (states are not being asked to run these cases in a production environment). If states identify issues or problems through the test cases, states must implement corrective actions and run the test cases again to demonstrate the effectiveness of corrective actions. States are expected to report on the outcome of these test cases and related corrective actions in June 2014 (as discussed in the reporting section of this guidance). States are not required to run these test cases at a particular point in time. To enable reporting on the most recent information, CMS suggests running the test cases as close to the end of the reporting period as possible but still allowing enough time for multiple runs of the test cases if needed. The requirement to run these test cases as part of the Medicaid and CHIP eligibility review pilot is separate and in addition to the test cases states are running during systems development as part of current communication with CMS. CMS will provide more specifics surrounding when and how test cases will be transmitted to states in the coming months.

To evaluate caseworker action, states will pull a random sample of eligibility determinations for review. The sampling and review requirements for the caseworker action evaluation are provided below.

Sampling Frame

States must construct a sampling frame from which to draw cases for review. This sampling frame must consist of MAGI-based Medicaid and CHIP eligibility determinations (both active and negative actions). States may build separate sampling frames (i.e. Medicaid active, Medicaid negative, CHIP active, CHIP negative) or sample from a combined sampling frame. A description of the state's sampling frame should be included in the pilot proposal.

Exclusions

States must exclude certain types of cases from the sampling frame. Required exclusions include:

- administrative transfers (i.e., certain eligibility criteria is determined through other program data, such as SNAP or TANF)
- any cases not matched with Title XIX or Title XXI federal funds including state-only cases
- any determinations that are not MAGI-based
- cases under active fraud investigation
- express lane eligibility cases

States may propose to exclude other types of cases from the sampling frame. States should include a description of sampling frame exclusions in their pilot proposal.

Quality Control Procedures

States are expected to perform some quality control checks on the sampling frame to ensure completeness and accuracy. Some examples of quality control checks include (but are not limited to):

- Select a preliminary test sample to ensure excluded cases have been removed from the universe
- Compare total count of pilot cases in the universe (and total count of pilot cases in each stratum, if applicable) against existing benchmarks to assess reasonableness and completeness prior to sampling
- Review universe totals (and strata totals, if applicable) in each month of the sampling timeframe to identify inconsistencies from month to month

States should include a description of sampling frame quality control procedures in their pilot proposal.

Stratification

States may elect to stratify the sampling frame prior to sampling to ensure representation from particular characteristics or to allow focus on potential “problem areas”. Examples include stratification by point of application (state agency/delegated entity, transferred from state-based marketplace [SBM], transferred from federally facilitated marketplace [FFM], renewals), type of application (single streamlined application, multi-benefit applications), or channel (in person, telephone, on-line, mail, transferred from marketplaces). If stratifying, states should include a description of their stratification approach in the pilot proposal.

Timeframe

States may choose the sampling timeframes for this pilot (states do not necessarily need to sample by month as in PERM) and include a description in the pilot proposal. The selected sampling timeframe must only include determinations made within the October 2013 to March 2014 timeframe. The October – December 2013 and January – March 2014 time periods must both be represented in the selected sampling timeframe. States must select the same number of cases from the October – December timeframe as they do from the January – March timeframe (see the sampling section for a possible exception due to CMS approved mitigation plans).

Sampling

Sample Size

The minimum sample size is 200 determinations. This minimum sample size is for the entire case worker action review portion of the pilot to be reported in June 2014 and is inclusive of Medicaid, CHIP, active, and negative cases. States can choose to and are encouraged to sample more than the minimum amount of cases.

Sample Distribution

In general, the sample should be split between Medicaid and CHIP proportionate to the number of determinations made for each program. For example, if approximately 80% of a state’s determinations are Medicaid and 20% are CHIP, then Medicaid determinations should account for 80% of the sample and CHIP determinations should make up 20% of the sample.

States will be required to report the sample size for each program in their pilot proposal and explain how they came up with the sample size for each program. If a state would like to use sample sizes that aren’t perfectly proportionate to each program, the state can propose to do so and explain why they chose that approach. For example, if after distribution of the sample size

between programs a state would like to sample additional cases from one program but not the other, the state can propose to do so.

If states are developing separate sampling frames for active and negative cases, states must report their active vs. negative sample size in the pilot proposal and explain how it was determined. States may also randomly select active and negative cases within one sampling frame (i.e. no set sample size for active vs. negative cases).

The sample size from the October – December 2013 sampling timeframe must be equal to the sample size from the January – March 2014 sampling timeframe. States will be required to report the sample size for each timeframe in their pilot proposal. However, if a state has a CMS approved mitigation plan, the state may propose a sample distribution that is consistent with the state’s mitigation plan and discuss the implications of the mitigation plan in the pilot proposal.

Sampling Methodology

States must utilize a random sampling methodology. For example, states can use a simple random sample or the “skip” factor method. States should include a description of their sampling methodology in the pilot proposal.

Reviews

Case Reviews

States must review all case worker action taken from initial application/point of transfer to the final eligibility determination. The review of case worker action should take into consideration state policies, state verification plans, and federal requirements. The reviews should be based on whether information received was used correctly and state policies were accurately followed. For example, if a state verification plan says the state will verify an aspect of eligibility using certain data sources, the review should include a check to ensure the caseworker acted in accordance with the verification plan. If an eligibility factor allows for 100% self-attestation, the reviews do not have to independently verify that information but they can if the state chooses. Although not required, states may choose to perform a more robust review and look beyond case worker action as long as that review is within federal regulations (i.e. willful misrepresentation such as a household not reporting additional employment).

Case reviews should evaluate correctness of overall program eligibility as well as eligibility category. States should develop reviews that will allow them to report on all elements specified in the reporting section below. States will be required to describe their review process in the pilot proposals including the caseworker actions that will be reviewed and how errors will be identified and classified (i.e. states should specify what error codes will be used and what types of errors will fit into each code).

Payment Reviews

States are required to conduct a payment review to identify improper payments for active case errors. At a minimum, this payment review must collect payments made for active cases determined to be in error. However, states may also choose to conduct a more comprehensive review of all active cases to identify payments in error due to recipient liability being

over/understated, ineligible services, etc. Since the purpose of these pilots is not to calculate an annual error rate as in PERM, the payment review timeframe does not have to equal the sampling timeframe (i.e. if you sample a determination made in November 2013, you don't have to look at November 2013 payments for that beneficiary).

States do not need to model this payment review after the previously used PERM and MEQC reviews. States may choose their own payment review strategy and are required to describe their payment review methodology in their pilot proposal. Keep in mind that determinations made October through December 2013 may not have payments associated with those determinations until January 2014 and may require a different payment review strategy than those determinations made January through March 2014.

While the reviews must verify the recipient was placed in the correct eligibility group/category, states are not required to verify that the correct federal match was claimed. However, states do have the option to expand the scope of the pilots to include this type of review (i.e. states are not required to verify claiming 100% FFP for the new eligibility group but may choose to do so).

Quality Control

States are required to implement quality control measures to ensure accuracy of the reviews and to describe such measures in the pilot proposals. Examples of such measures would be performing a re-review on 10% of the sampled cases, on all errors, etc.

Reporting Results

CMS will work with states to develop a template that states will use to report the final pilot results. Pilot results are due no later than June 30, 2014 (states will not be required to submit monthly case by case review findings as required in PERM). So states can design pilots that lead to the required results, reporting requirements are included below.

Overall Numbers and Results

States must provide the following figures:

- Number of Medicaid active cases reviewed
- Number of Medicaid active cases correct
- Number of Medicaid active cases in error
- Amount of Medicaid improper payments identified
- Number of Medicaid negative cases reviewed
- Number of Medicaid negative cases correct
- Number of Medicaid negative cases in error
- Number of CHIP active cases reviewed
- Number of CHIP active cases correct
- Number of CHIP active cases in error
- Amount of CHIP improper payments identified
- Number of CHIP negative cases reviewed
- Number of CHIP negative cases correct

- Number of CHIP negative cases in error

Analysis and Discussion

States must include a discussion/analysis of the types of errors identified. States must also provide performance analysis by point of application, type of application, and channel (even if the state did not stratify):

- Point of application analysis must include discussion of applications received at state agencies/delegated entities (cannot just focus on transfers)
- Channel analysis must include discussion of in person and online

States must report analysis on **all** points below:

- Was the decision about program eligibility correct?
- Was the decision about eligibility group correct?
- What improper payments were incurred due to associated case errors?
- If the decision has been finalized and denied, was the case transferred to the SBM/FFM appropriately?
- If the decision has been finalized and denied, have appropriate final notices been sent?
- If the application was transferred from a SBM/FFM, were appropriate steps taken to ensure reuse of information?
- Were the appropriate attestations or verifications made for data collected in the application as identified in the state's verification plan before disposition?
- If additional information was sought from the applicant or beneficiary, was such information properly requested based on attestation and verifications, or existing data, and utilized properly in the eligibility determination?
- Based on the information supplied, attested and verified, was the household composition and income level for the applicant properly established?
- Based on the information supplied, attested and verified, was the citizenship and immigration status for the applicant properly established?

States must report the results of the test cases. This should include a discussion of when the test cases were run, the results of each test case run, and any issues/problems identified. If issues/problems were identified the state must specify what corrective actions were implemented and provide the outcome of the re-run of the test cases.

Corrective Actions

For each error identified, states are required to develop and report corrective actions to avoid such errors in the future. More detail on the corrective action process will be included with the reporting template.

Recoveries

States are not required to refund the FFP for errors identified through these eligibility pilots. For errors identified through another audit or through other means outside of these pilots, states are subject to disallowances under the Medicaid recoveries regulation.

Staffing and Administrative Matching

States can utilize state staff (including existing MEQC/PERM review staff) or contractors to fulfill pilot requirements. CMS is not providing a federal contractor to complete the first round pilots (for the December 2014, June 2015, and June 2016 pilots, a limited number of states will have an option to participate in a PERM model pilot conducted by a federal contractor). If states use state staff for review, the state agency responsible for conducting the pilot reviews must be independent of the state agency that makes eligibility determinations (similar to the current PERM/MEQC independence requirements).

Administrative matching should be claimed under PERM for Medicaid and CHIP according to the sample size from each program. States should claim as they normally would for the PERM program. As specified in the Affordable Care Act: State Resource FAQ at <http://www.medicare.gov/state-resource-center/FAQ-medicare-and-chip-affordable-care-act-implementation/downloads/Affordable-Care-Act-FAQ-enhanced-funding-for-medicare.pdf>, the enhanced funding for Medicaid eligibility systems operation and maintenance does not apply to PERM activities which are considered program integrity activities and eligible for the 50 percent FFP for Medicaid and 90 percent FFP for CHIP.

Questions

Please submit all questions to FY2014-2016EligibilityPilots@cms.hhs.gov