



## COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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 John W. Hickenlooper, Governor • Susan E. Birch MBA, BSN, RN, Executive Director

April 4, 2011

Senator Lois Tochtrop, Chair  
 Legislative Audit Committee  
 Legislative Council Building  
 200 E. 14<sup>th</sup> Avenue  
 Denver, CO 80203

Dear Senator Tochtrop:

Here is the Department of Health Care Policy and Financing's submission of a progress update on the Department's actions regarding eligibility findings.

Sue Williamson mentioned this report to the Committee at the March 1, 2011 Legislative Audit Committee Hearing.

If you have any questions or comments, please feel free to contact Laurie Simon at 303-866-2590 or [laurie.simon@state.co.us](mailto:laurie.simon@state.co.us).

Sincerely,

A handwritten signature in black ink that reads "Antoinette Taranto".

Antoinette Taranto  
 Eligibility Division Director

AT:ls

cc: Representative Cindy Acree, Vice-Chair  
 Senator Morgan Carroll, Legislative Audit Committee  
 Representative Deb Gardner, Legislative Audit Committee  
 Representative James Kerr, Legislative Audit Committee  
 Senator Steve King, Legislative Audit Committee  
 Representative Joe Miklosi, Legislative Audit Committee  
 Senator Scott Renfroe, Legislative Audit Committee  
 HCPF Executive Director's Office  
 Laurie Simon, Audit Coordinator

Enclosure

*Colorado Department of Health Care  
Policy and Financing*



*Progress Report on the Comprehensive  
Action Plan (Medicaid and Children's Basic  
Health Plan Eligibility)  
Submitted to the  
Legislative Audit Committee and  
Office of the State Auditor*

*March 31, 2011*

*Progress Report on the Comprehensive Action Plan (Medicaid and Children’s Basic Health Plan Eligibility) Submitted to the Legislative Audit Committee and Office of the State Auditor*

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## **Overview**

On March 1, 2011, the Department of Health Care Policy and Financing appeared before the Legislative Audit Committee to respond to the State of Colorado, Single Statewide Audit for the state fiscal year ending June 30, 2010. The Single Statewide Audit for state fiscal year 2010 contains findings, conclusions, and recommendations and the responses from the Department specific to Medicaid and the CBHP eligibility and enrollment as follows:

- Recommendation 55 – Medicaid Timely Termination of Benefits
- Recommendation 56 – Controls Over Eligibility Determinations
- Recommendation 59 – Income, Eligibility, and Verification System Compliance for Medicaid Program and the Children's Basic Health Plan
- Recommendation 60 – Controls Over Data Input for the Medicaid Program
- Recommendation 63 – Medicaid and CBHP Case File Documentation
- Recommendation 64 – Timely Processing of Medicaid and Children's Basic Health Plan Applications
- Recommendation 67 – Citizenship and Identity Documentation for the CBHP Program

The Department's presentation to the Legislative Audit Committee focused on a limited number of the recommendations specific to Medicaid and CHP+ eligibility and enrollment systems and processes. The Department believes it is important to demonstrate that its approach to strengthening the eligibility and enrollment systems and processes cannot be isolated to the areas identified in the Single Statewide Audit. Thorough, thoughtful and sustainable strategies must be developed and implemented to address the fundamental root causes of an eligibility and enrollment process that is fragmented and inefficient.

The following Progress Report provides the status on the initiatives that were included as part of the Department's initial May 15, 2009 Comprehensive Action Plan as well as the Progress Report dated March 2, 2010. A crosswalk at the end of this section summarizes the Medicaid and CHP+ eligibility recommendations for state fiscal years 2008, 2009, and 2010 and identifies the Department's proposed interventions to address OSA findings and recommendations. Additionally, the Department has prepared a worksheet on the status of CBMS projects to be implemented that are part of the OSA's recommendations and the Department's responses.

## **Accomplishments**

While many of the initiatives are not yet fully implemented, the Department has made steady and substantial progress over the past twelve months to improve the overall functioning, reliability, and consistency of the eligibility business model and system. Some of the highlights of the Department's demonstrated progress include the following:

- In June of 2008, the State selected a new vendor, Deloitte Consulting LLP, to manage the ongoing maintenance and operations of the Colorado Benefits Management System (CBMS). In April of 2009, Deloitte implemented a seamless transition without any interruption of service to CBMS workers or to our clients.
- In April 2009, the Department initiated its Application Overflow project which permits local county departments of human/social services to divert medical only applications from the counties to other non-county Medical Assistance (MA) sites. To date, approximately 14,280 medical only applications have been processed timely by other MA sites through this process.
- In September 2009, Colorado was awarded a five-year, \$42.9 million competitive federal grant to support comprehensive health care reform initiatives. These federal dollars will fund eligibility modernization projects such as the creation of interfaces with other state and federal databases to electronically verify required client documentation. These interface investments will significantly reduce application processing issues directly related to the Deficit Reduction Act (DRA) of 2005 citizenship and identity requirements as well as income verification requirements. The Income Eligibility Verification System interface and the Social Security Act interface are scheduled to be implemented in June of 2011. The DMV interface is scheduled to be implemented in August of 2011.
- In September 2009, the Department issued a solicitation for eligibility and enrollment services for medical assistance programs, primarily focused on the CHP+ program. It is the Department's goal to incorporate some of the components of eligibility modernization into the new scope of work such as the customer service center and an Electronic Document Management System (EDMS). Maximus was awarded the contract on March 8, 2010. The scope of work was effective July 20, 2010 with a pre-implementation period. Maximus began go-live operations on October 15, 2010.
- In October 2009, the first phase of the Colorado Program Eligibility and Application Kit (PEAK) was launched. Phase I of PEAK is a self-service Web portal application that allows applicants to determine if they qualify for benefits and allows existing clients to check their benefits via the Web, including redetermination dates. In the spring of 2011, applicants will have the ability to apply for the Medicaid and CHP+ programs online.
- In January 2010, the Department was awarded a grant from the Colorado Health Foundation to use private sector business process improvement tools in 15 local county departments of human/social services for the purpose of recommending and implementing changes to the current county business processes focused on the timely processing of applications. The Collaborative has held two of the three learning sessions, and is proving to be effective. As of date, 15 eligibility sites are actively participating. Each eligibility site has conducted at least 2 quality improvement PDSA'S (Plan Do Study Act) and most have conducted 5 or more. Mesa County is considered one of the

outstanding examples of the potential improvements that can be actualized by focusing on business processes. The following represents some of Mesa County's early results:

- Processing time for a case went from 97 hours to 16 hours;
  - Incoming technician phone calls dropped by 90%;
  - Ready to work applications (applications that had everything needed to process the case) went from 9% to 75%;
  - All clients are seen within 15 minutes of walking in the front door;
  - Application Timeframe of Authorization went from 57 to 16 days; and
  - Application Backlog decreased from 500 applications to 0 applications.
- On February 11, 2010, Governor Bill Ritter signed Executive Order D 2010-002 directing the streamlining of the Medicaid and CHP+ application process through data sharing agreements among certain state agencies for the purpose of electronically verifying citizenship and identity of persons applying for Medicaid and CHP+ in compliance with the Deficit Reduction Act (DRA) of 2005. The Department is currently partnering with The Department of Public Health and Environment, The Department of Revenue, The Department of Colorado Labor and Employment, The Department of Education and Colorado's local School Districts.
  - As of February 2010, 69 of 70 counties and medical assistance sites have submitted quality improvement plans as required under the Medical Eligibility Quality Improvement Plan (MEQIP) focused on case file documentation, timely processing of applications, and data entry errors. As of January 2011 all 70 counties and medical assistance sites have submitted quality improvement plans.
  - For the 2009 calendar year, 4,889 county and community partners participated in Department trainings with a unique participant count of 1,537. For the calendar year 2010, the Department trained 1,759 individuals.

## **Medicaid and CHP+ Eligibility**

### **Administration**

The State of Colorado is a state-supervised, county-administered system for the administration of medical assistance programs such as Medicaid and CHP+. While the Department is the single state agency responsible for the administration of the state's public health insurance programs, the local departments of social/human services in Colorado's 64 counties serve as the agents of the Department. Every county department of social/human services is structured in its own unique way based on available resources, size, and geography - no two counties organize their eligibility and enrollment activities in exactly the same way.

The legislature also granted the Department the authority to designate the private service contractor that administers CHP+, Denver Health and Hospitals, and other Medical Assistance (MA) sites as the Department determines necessary to accept medical assistance applications to determine eligibility for applicants. Affiliated Computer Services (ACS) previously operated as the Department's CHP+ eligibility and enrollment contractor and Maximus began operations as

ACS' successor on October 15, 2010. Peak Vista Community Health Center in El Paso County signed a contract with the Department in July 2008 to process medical applications as a MA site.

In addition, the legislature established a demonstration project that authorizes qualified personnel in three public schools to operate as a MA site and make eligibility determinations for medical benefits for Medicaid and CHP+. Three public schools located in Jefferson, Arapahoe and Pueblo counties participated in the demonstration program. However, the demonstration project was terminated as of February 28, 2010 as a result of state budget reductions.

The Department also uses community-based organizations to serve as Certified Application Assistance Sites (also known as "Document Verification Sites"). Certified Application Assistance Sites assist families in completing the "Colorado Public Health Insurance for Families Application" and are certified to verify citizenship and identification documentation as required under the Deficit Reduction Act (DRA) of 2005. Over 200 agencies throughout the State serve as Certified Application Assistance Sites. The timely processing of applications by local county departments of human/social services and other MA Sites is much more likely when they receive a completed application that includes all required verifications.

The Department also has oversight over Presumptive Eligibility (PE). PE is a Medicaid and Child Health Plan *Plus* (CHP+) program that provides immediate temporary medical coverage for children 18 and under and pregnant women. Applicants must complete an application and appear eligible to get the temporary health care benefits. PE allows eligible pregnant women and children to receive access to immediate medical care through Medicaid or CHP+. The temporary medical coverage lasts for at least 45 days while the eligibility determination for Medicaid and CHP+ is determined.

## **Initiatives**

### **The Colorado Eligibility Modernization Project**

As the single state agency responsible for the administration of Medicaid and CHP+, the Department is required to design an approach to Medicaid and CHP+ eligibility that is fair, accurate, timely, efficient, and consistent and that adheres to state and federal rules and regulations. The fiscal integrity of public health insurance programs depends on the ability of the eligibility processes to assure that those who are enrolled into health coverage are those who should be enrolled or retained in coverage when it is time to re-determine eligibility. If the state's public health insurance programs are to serve all those they are intended to serve, the process must be easy to use and not discouraging to applicants.

However, significant challenges exist within the current administrative structure of the eligibility and enrollment process. As mentioned, 64 counties have 64 different models for organizing their eligibility and enrollment activities. This leads to inconsistent and unpredictable results for applicants and clients. Not all counties have sufficient resources to handle the current caseload or increases in caseload. While staffing has remained stable during the economic recession, counties have historically experienced considerable staff turnover, especially since the

implementation of the Colorado Benefits Management System (CBMS). The Department also lacks sufficient resources to properly train and monitor the timeliness and accuracy of applications as well as the high quality of customer service that we expect. Under the current model, the Department is unable to achieve savings and efficiencies through economies of scale. For example, several counties have or are planning on acquiring their own scanning technology capability, but the technology cannot be leveraged across the state without great expense and effort. OSA findings over the past several years in the areas of case file documentation maintenance, the timeliness of processing applications and the accuracy of the data entry support the Department's position that the current eligibility and enrollment business model must be improved.

As part of Governor Ritter's "Building Blocks for Health Care Reform," the Department launched the Colorado Eligibility Modernization Project in the spring of 2008. With the increased caseload and rising costs of health care, it makes sense to identify the ways that a person's eligibility determination can be made quickly and increase the likelihood that the person will seek health care services in the most appropriate settings. The goal of the eligibility modernization project is to find the best ways to enroll and retain children and families in our public health insurance programs while providing excellent customer service with faster application processing times.

Many other states are considering or implementing reforms to modernize their eligibility models. The models differ greatly, but include utilizing new technologies and procedures such as online applications, call centers, and document imaging, as well as looking at the ways to improve the current business processes. For example, Arizona created an advanced Electronic Document Management System (EDMS) which scans and indexes every document to the proper location, resulting in a paperless eligibility and enrollment process. The transition to the flexible document imaging workflow is linked to a 13 percent decrease in staff turnover. Utah runs a task-based eligibility model, where technicians are trained as generalists and cases are triaged to the next available eligibility technician rather than being divided by specific program which has increased both worker productivity and worker satisfaction. States also vary on how they have organized their eligibility activities as part of their eligibility modernization efforts. Many states include an array of both centralized and decentralized services as part of their models, while other states centralize the vast majority of their services.

In order to modernize eligibility, the Department envisioned creating a single state-level entity for eligibility and enrollment processes for the Medicaid and CHP+ programs. The February 15, 2008 budget request, "Building Blocks for Health Care Reform" included funding to create a single state-level entity for eligibility and enrollment processes for the Medicaid and CHP+ programs. The funding to create such an entity was not approved. However, the Department did receive funding to conduct an assessment of the current administration of eligibility and enrollment, to present modernization options, and to gather requirements and draft the request for proposals for services to modernize the current eligibility and enrollment model. Public Knowledge, LLC was selected as the vendor to perform these tasks.

As more information became available during the project, it became apparent that the practical application of modernizing access to health care would include an array of centralized and

decentralized services. Some services might be centralized, and some might best be delivered in decentralized operations, but with modernized tools and processes. Both models for eligibility and enrollment are being considered as part of this analysis, which takes into account the eligibility sites' accessibility to potential and existing clients and the ability to leverage localized expertise for eligibility and enrollment practices.

The Department contracted with Public Knowledge, LLC in August of 2008 to complete the following objectives for the Colorado Eligibility Modernization Project through delivery of a final report in December of 2008:

- Evaluate the current administration of eligibility determination and enrollment processes for Medicaid and CHP+ on a statewide and eligibility site level and recommend business process improvements.
- Provide established best practices and lessons learned from other states and make recommendations on how the Department should structure eligibility and enrollment processes.
- Gather available data on the costs and benefits of different eligibility and enrollment modernization options.
- Identify technical requirements for business process modernization including an analysis of planned improvements and enhancements.
- Document improvements and enhancements for the eligibility and enrollment modernization including a draft schedule.

Based on eligibility site visits in Colorado, the study of best practices and lessons learned from other states, as well as internal knowledge and experience, Public Knowledge rendered their findings. To a great extent, Public Knowledge's findings mirror the findings of OSA with respect to the deficiencies identified for the Medicaid and CHP+ eligibility and enrollment process:

- The overall model utilized in Colorado is outdated and does not fit current workload and demographic trends.
- The current model is confusing to many clients and hinders access to programs.
- The current model fosters inconsistencies in the timing and manner in which eligibility determinations are made.
- The current model lacks accountability.
- No consistent training program exists for Medicaid, particularly for new eligibility technicians.

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- The eligibility model is hindered by a reliance on paper documentation, limiting organizational options for managing the workload.
- The Colorado Benefits Management System (CBMS) still does not fully support Medicaid and CHP+ eligibility.
- Eligibility sites use inconsistent methods for tracking case status and workloads.
- Medicaid and CHP+ review periods are not aligned with redetermination periods for other types of assistance programs, causing duplicate work for both eligibility technicians and clients.

Before implementing any new tools or changes to the Medicaid and CHP+ eligibility and enrollment model, Public Knowledge recommended that the Department strengthen certain core elements of the current model. Again, many of the following "conditions for success" are consistent with several of the recommendations of the OSA:

1. Enhance the Colorado Benefits Management System (CBMS) to maximize eligibility and enrollment efficiency.
2. Solidify a Quality Management Plan to promote consistency in eligibility and enrollment processes and strengthen program integrity.
3. Develop a comprehensive training program that will provide greater support and deliver a uniform message.
4. Create a detailed communication strategy to encourage collaboration between Departments, county partners, Medical Assistance sites and community-based organizations (CBOs).
5. Realign the redetermination dates among the programs to streamline tasks.

Based on the analysis of Colorado's current eligibility and enrollment model, visits to eligibility sites, states' best practices, and feedback from county partners and stakeholders, Public Knowledge recommended the following modernization options:

- Implement an electronic document management system (EDMS) to begin the transition to a paperless eligibility and enrollment business model.
- Implement a centrally-managed customer service center (CSC) to broaden applicant and client access.
- Expand the involvement of community-based organizations (CBOs) in the eligibility and enrollment process.
- Develop web-based services for applicants, clients and CBOs.

- Replace paper documentation with electronic client data where possible.

The Department has begun implementing many of the "conditions for success" as described in subsequent sections of this Progress Report.

## **Colorado Eligibility Process Improvement Collaborative (CEPIC)**

In January 2010, the Department of Health Care Policy and Financing was awarded a grant from the Colorado Health Foundation to contract with the Southern Institute on Children and Families Process Improvement Center (SICF) to lead eligibility process learning collaboratives. In the summer of 2010, SICF began work with 15 county teams to assist the counties in improving the efficiency, effectiveness and quality of processes within our public programs that support lower-income children and families, with a focus on eligibility services, and specifically the timely processing of applications. The Center teaches executive leaders and front-line workers process improvement principles and guides them in the application of these principles to generate process improvements in programs through Process Improvement Collaboratives. The Department chose county teams that represented diversity in terms of their size, geography, resources and the various ways in which business activities are organized (generalist v specialist and task-based v caseload). Many of the county teams selected for this initiative also participated in our Eligibility Modernization project in which Public Knowledge staff mapped out the current business processes in use by counties and medical assistance sites.

Process Improvement Collaboratives are 12-month engagements between SICF staff; a collaborative faculty of experts in application simplification, literacy, policy and process improvement; and the 15 county teams who share a common goal of achieving rapid improvements in public benefit programs and services. Each Collaborative includes:

- A Pre-Work period, during which teams are asked to complete specific tasks designed to help prepare them for participation in the collaborative.
- Three Learning Sessions, during which teams learn process improvement methodologies, practice new skills, interact with and learn from other participating teams and plan for next steps.
- Two Action Periods, during which teams apply what they have learned by testing strategies and spreading positive results throughout their county.

Based on experiences in other states that have utilized this process, such as Louisiana and several large California counties, eligibility workers have greater job satisfaction and increased productivity.

With the implementation of Phase II of PEAK planned in the spring of 2011, it seems very timely and appropriate to look at the ways PEAK will impact the counties' current business processes and how they might be adjusted to better meet the needs of both the CBMS workers and the clients.

Each team will be ideally comprised of the Director, a Supervisor, a front-line eligibility worker and an IT/data person. The time commitment for this project is anticipated to be 1 - 3 hours per week. The Department is in the process of finalizing the contract and expects to begin work in March 2010. A Colorado Department of Human Services (CDHS) team will also participate in the project as it is well established that many of our clients are applying for multiple programs like Medicaid and Food Assistance. Southern Institute's Web site is <http://www.thesoutherninstitute.org/PIC.aspx>

The Collaborative held two of the three learning sessions, and is proving to be effective. Mesa County shared their significant improvements at their site visit in early February 2011:

- Processing time was reduced from 97 hours to 16 hours;
- Incoming phone calls dropped by 90%;
- Ready-to-work applications were increased from 9% to 75%;
- All clients are seen within 15 minutes of walking in the front door;
- Applications authorized timeframe was reduced from 57 days to 16 days; and
- Application backlog was decreased from 500 applications to zero applications.

## **Colorado Comprehensive Health Access Modernization Program (CO-CHAMP)**

In September 2009, Colorado was awarded a five-year, competitive federal grant to support health care reform initiatives. The federal Health Resources and Services Administration (HRSA) awarded \$70.9 million in grants to 13 states under the State Health Access Program (SHAP). The HRSA SHAP grant is a new federal opportunity to support state efforts to significantly increase health care coverage as part of a plan for comprehensive health care reform. Colorado received \$9.96 million for the first year of the program, the third highest award. Colorado has requested \$42.9 million over the five-year period; however, states must reapply each year. Subsequent years of funding are contingent upon meeting performance measures and the availability of federal funding.

Colorado's SHAP proposal, the Colorado Comprehensive Health Access Modernization Program (CO-CHAMP) includes a variety of projects that will lead to greater access to health care, increase positive health outcomes and reduce cost-shifting. One of the CO-CHAMP projects, "Eligibility Modernization: Streamlining the Application Process," addresses leveraging technology to target making improvements in the timely processing of applications, reducing data entry errors and eliminating the need for maintaining paper case file documentation.

To achieve our goal of enrolling the new populations associated with the "Health Care Affordability Act" (HB 09-1293) while improving the overall effectiveness of the current eligibility and enrollment process, the Department is committed in making the appropriate investments in technology and in our infrastructure to increase our operational capacity to accommodate these 100,000 potential new enrollees. A 2009 Commonwealth Fund Study found that the citizenship and identity requirements under the Deficit Reduction Act (DRA) make

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getting children and families covered more difficult. The new requirements increased the complexity, administrative burden, and costs of enrollment and renewal in the states studied, and in some cases, the rules even comprised other processes. A "best practice" identified in Colorado's Eligibility Modernization Report is for the state to create interfaces to other State and Federal systems to ease data exchange and reduce manual labor efforts (10% reduction in application processing times is projected). The Center on Budget and Policy Priorities reported that 78% of children and 43% of adults between the ages of 18-64 living in Colorado were born here; facilitating data matches with vital statistics data could simplify citizenship verification for the majority of applicants. The Department is using HRSA funding to establish interfaces between the Department's computerized eligibility system, CBMS and existing federal, state and other program databases to ease the administrative burdens.

HRSA funding will also enable us to expand the availability of PEAK, the Web-based online application, for these new populations and meet the increased demand on the entire eligibility determination process. Work is already underway by our CBMS vendor, Deloitte Consulting LLP, to develop and implement a Web-based online application for the current Medicaid and CHP+ clients that should be completed in the spring of 2011. Research indicates that a growing number of low-income residents have access to computers and the Internet. Many states have experienced great success in developing online tools. In Massachusetts, approximately 50% of all applications are submitted online and the average time required to process a Medicaid application dropped by 55%, from 20 minutes to 9 minutes.

The following represents the original proposed timelines and updated timelines to implement the interfaces with other federal and state databases based on the original grant proposal submitted to HRSA:

- SFY 2009-10: Design, develop and establish an interface between CBMS and the Colorado Department of Public Health and Environment to verify birth certificates and records for applicants and clients for expansion populations. Update: A 6 month pilot between CDPHE and the Department is currently in effect.
- SFY 2009-10 and SFY 2010-11: Design, develop and establish an interface between CBMS and the Colorado Department of Revenue, Division of Motor Vehicles to verify identity for applicants and clients for expansion populations. Update: Tentative implementation date of August 2011.
- SFY 2009-10: Design and develop a real-time verification system with the Social Security Administration to meet citizenship verification requirements for expansion populations. Update: Tentative implementation date of June 2011.
- SFY 2009-10: Design, develop, and implement changes to CBMS that will permit the administrative verification of income through existing wage databases including the Colorado Department of Labor and Employment (DOLE) as well as the Income and Eligibility Verification System (IEVS) for expansion populations. Update: Tentative implement date of June 2011.
- SFY 2009-11: Design, develop and implement changes to CBMS in coordination with Free and Reduced Lunch Program and design, develop and implement changes to CBMS in coordination with the Department of Revenue (income tax records) to implement automated enrollment processes or Express Lane Eligibility. Update: Discussions

ongoing with Department of Education with a tentative implementation date of Winter 2011. Legislation is pending for income tax records no definite implementation date.

- SFY 2010-11: Design, develop, and implement changes into CBMS to accommodate administrative renewal. Update: Tentative implementation date of September 2011.
- SFY 2010-14: Design, develop, and implement changes into CBMS to allow expansion populations under HB 09-1293 to apply for health care coverage online as eligibility for the new populations are implemented.

## **Governor Ritter's Executive Order D 2010-002**

On February 11, 2010, Governor Bill Ritter, Jr. signed Executive Order D 2010-002 directing the Executive Directors and staff of the Department, the Colorado Department of Revenue (DOR), and the Colorado Department of Public Health and Environment (CDPHE), in collaboration with OIT, to implement the electronic data sharing of citizenship and identity documentation.

The state agencies are directed to convene a committee of relevant state departments to establish priorities, develop strategies, and begin identifying the business requirements and associated costs of implementing electronic data sharing between the state departments. Additionally, the agencies are charged to pilot the sharing of Vital Statistics electronic data managed by CDPHE for twenty medical assistance sites and/or county department of social/human services eligibility technicians trained to conduct the application process in CBMS as well as pilot the sharing of driver license-related electronic data managed by DOR with the Department. The Department was required to submit a report to the Governor's Office by December 31, 2010 on the progress of the initiative, however is delaying its submission until the conclusion of the pilot.

The Department partnered with the Colorado Department of Public Health and Environment's (CDPHE) vital records to establish a maximum six (6) month pilot to verify Colorado born citizenship for individual's requesting Medical Assistance. The pilot began on December 16, 2010. The pilot consists of twenty (20) users at medical assistance sites and/or county departments of social/human services (Eligibility Sites), identified by the Department, who access the CDPHE birth record data necessary to verify citizenship in compliance with the Deficit Reduction Act of 2005 (DRA) through existing software. The availability of this data electronically is intended to streamline the eligibility and enrollment process for both applicants and eligibility site workers and mitigate the financial burden imposed on applicants to purchase paper copies of birth certificates for the purposes of compliance with DRA and applying for public health insurance programs.

## **Express Lane Eligibility**

Auto-enrollment leverages data resident in existing state legacy business systems, ultimately increasing enrollment and retention of eligible participants in these programs. The state currently collects a wide variety of data across programs and platforms to enroll eligible

individuals in public health and social service programs. Auto-enrollment is linked to “express lane eligibility,” as encouraged in the reauthorization of the Children’s Health Insurance Program (CHIP) that passed in early 2009. The concept is simple: Is it possible to automatically enroll eligible families and children through auto-enrollment and reduce or eliminate the existing application process?

The Department is partnering with the Colorado Department of Education and local school districts to reduce the number of uninsured children in Colorado by making sure those without health insurance know about and can easily enroll in Medicaid or the Child Health Plan Plus (CHP+) program through Express Lane Eligibility. Express Lane Eligibility School Lunch program will leverage data in other state legacy business systems to expedite the eligibility and enrollment of children in health insurance programs. There is a very high correlation between those children eligible for the Free and Reduced Lunch program and those children eligible for Medicaid and CHP+. Under the CHIPRA legislation, we are able to use information from the Free and Reduced Lunch program to accelerate enrollment into the public health insurance programs we manage. We will achieve our goal of insuring all children by obtaining a file from participating local school districts of children on the Free and Reduced Lunch program in order to perform a data match with the eligibility in our Colorado Benefits Management System (CBMS) to determine the children eligible for Express Lane Eligibility for Medicaid and CHP+.

## **Community Assistance Mapping Project**

The Colorado Trust is funding the development of a new search engine and mapping capabilities for the Department’s list of Certified Application Assistance Sites (CAAS). The goal of the project is to provide a robust searchable database that will provide search results by location, types of application assistance and an automatic mapping function to give the inquirer the exact location of the facility. The mapping function will show users the location of service providers near any given address in Colorado, color-coded by type of services offered. Until electronic interfaces are created between other federal and state databases for the purposes of electronically verifying DRA citizenship and identity documentation as well as income verification, applicants will continue to rely on the “trusted hands” in their community to provide application assistance and document verification. Many of the issues related to case file documentation and the timely processing of applications are directly related to the situation when an applicant has submitted an incomplete application. The Colorado Trust, in collaboration with the Department, seeks to improve the accessibility of information and support for nonprofit organizations across the state assisting families in the eligibility and enrollment process. The Community Assistance Mapping Project was implemented on December 15, 2010.

## **Medical Eligibility Quality Improvement Plan**

Over the last two years, the Department implemented the Medical Eligibility Quality Improvement Plan (MEQIP) as the framework to communicate the Department’s vision, objectives and strategies to improve the Medicaid and CHP+ eligibility determination process. Representatives from the counties, MA sites and Department comprise the Medical Eligibility

Quality Improvement Committee (MEQIC) which was created to assist and advise the Department in implementing the MEQIP. The Department recognizes that eligibility sites have experienced increased caseload volumes throughout the state as a result of the economic downturn and appreciate the workload issues connected with implementing a new initiative. While this initiative is not meant to impose additional workload burdens to eligibility sites, it is the Department's responsibility to ensure that eligibility processing standards be developed, implemented and monitored.

As of January 2011, 70 of 70 counties and medical assistance sites submitted their updated Medical Assistance Quality Improvement Plans. Each month, eligibility sites are required to randomly select four cases per eligibility technician to review with respect to data entry, timely processing, and case file maintenance. Specific to case file maintenance, county departments of social/human services and MA sites must review cases for documentation that supports their eligibility determinations. Findings are to be submitted to the Department on a quarterly basis based on the following schedule.

<b>Quarter</b>	<b>Months Reviewed</b>	<b>Report Due</b>
Q1	July – September	November 1
Q2	October – December	February 1
Q3	January – March	May 1
Q4	April - June	August 1

Eligibility sites receive three additional notices requesting submission of their quarterly report prior to notifying their Director. The additional notices are sent in two week spans. For Quarter One, 4,911 cases were reviewed representing 1,672 eligibility workers. For Quarter Two, 3,363 medical assistance cases were reviewed representing 1,133 eligibility workers.

Each selected case is reviewed for the following:

- **Timely Processing.** Was the case processed within the 45/90 days? Yes/No. If no, the case is counted as an error.
- **Data Entry.** Did the data entry match the case file and support the eligibility decision? Yes/No. If no, the case is counted as an error.
- **Case File Documentation.** Did the case file documentation support the eligibility decision? Yes/No. If no, the case is counted as an error.

Appendix A includes three maps each for Quarter One and Quarter Two. Each map addresses one of the three performance indicators: Timely Processing, Data Entry, and Case File Documentation. Maps represent an average of the three months within that quarter.

## **Enrollment Strategic Assessment Project**

The Colorado Health Foundation (CHF) is a nonprofit organization with a vision to make Colorado the healthiest state in the nation. With the passage of the federal Affordable Care Act (ACA) in 2010, CHF sponsored the Enrollment Strategic Assessment Project to identify a

feasible set of strategic options in anticipation of the new insurance eligibility and enrollment requirements. The primary objective of the project is to understand how the State can streamline and improve its eligibility and enrollment system and processes. It is anticipated that CHF will release a summary of the findings in the spring of 2011.

## **Colorado Benefits Management System (CBMS) Improvements**

### **Colorado Program Eligibility and Application Kit (PEAK) Web Application**

Web-based services create a flexible option for clients to receive customer service, and a tool for community-based organizations (CBOs) to use in application assistance. Many states (currently 13) are using Internet technology in the eligibility and enrollment process. As more customer service in the commercial and retail industries moves to the Internet, online applications are likely to be more accepted by clients. Currently, in other states that have fully implemented online applications, 20 percent (on average) of all applications are submitted online. In Florida, the majority of applications are submitted online.

With federal regulations that allow for the acceptance of electronic signatures, clients can easily submit an application or redetermination online. Logon protocols, much like those used by banks and other financial institutions, are used as electronic signatures so the system can verify that the information is being submitted by the client or their authorized representative.

The Colorado Program Eligibility and Application Kit (PEAK) is a Web-based portal designed to provide clients and community partners with a modern and easily accessible tool to apply for public assistance benefits. In October 2009, Phase I of PEAK was implemented that allows new CBMS clients to screen themselves for potential program eligibility ("Am I Eligible?") and allows our existing clients to check on their benefits ("Check My Benefits"). In April of 2011, applicants will be able to apply for our family and children's programs online ("Apply for Benefits") and existing clients will be able to report changes, such as changes in their address online ("Report My Changes"). Future phases of PEAK will permit clients to process their redeterminations online and functionality will be expanded to adult programs, and all of the expansion populations under the Health Care Affordability Act.

Another exciting project associated with PEAK is focused on PEAK outreach efforts. Our objective is to build a coordinated outreach campaign that includes building awareness about PEAK through a host of channels, identifying technology access points for our clients who wish to use PEAK; and training community-based organizations (CBOs) on using PEAK as a way to assist clients with the application submission process.

PEAK puts the control of application process back in the hands of the clients and increases client self-sufficiency. Through this, the State of Colorado is able to ensure the CBMS performance is being enhanced to meet increasing and changing client needs, is able to improve customer service, and is able to improve statewide accountability for our public health insurance programs. Please refer to the PEAK Web site at <http://www.colorado.gov/benefits/index.html>

### **Intelligent Data Entry (Also Known as the CBMS Web Portal Project)**

The Governor's Office of Information Technology (OIT), the Colorado Department of Human Services (CDHS) and the Department have contracted with Deloitte Consulting to implement the Web-Based Intelligent Data Entry (IDE) enhancement that will serve as the keystone to the overall vision for an integrated service delivery model for the State. This enhancement aims at realigning the Colorado Benefits Management System (CBMS) with the needs of the eligibility workers as well as the collective mission of the Departments.

One of the major objectives of the State is to reduce cross program contention and improve the productivity of the CBMS workers. The IDE enhancement focuses on achieving these objectives by improving the Application Initiation and Interactive Interview modules of the CBMS system and resolving cross program contention issues by streamlining the data collection process by program priorities.

The Intelligent Data Entry Project will be implemented in two phases. Phase I of the IDE project (Requirements and Functional Design) has been completed. Phase II of IDE project will encompass the subsequent enhancement development phases and implementation of the IDE project. It is projected to reduce global annual application processing hours by 53,000 hours with an anticipated implementation date of April 2011. In addition, it also builds upon the integration of PEAK and CBMS.

### **Income, Eligibility Verification System (IEVS)**

Changes and additions to CBMS were implemented in 2008 to eliminate inconsistent processing of the Income, Eligibility, and Verification System (IEVS) discrepancy records. The changes and additions will provide an effective tracking method for the IEVS discrepancy record processing. This will also minimize the number of IEVS discrepancy records by automating the Colorado Department of Labor and Employment Unemployment Insurance Benefits file update into interactive interview windows.

Additionally, SB 08-161 permits a simplified verification process with respect to income for both initial eligibility determinations and for re-determinations. For initial processing of applications and eligibility determination performed by county departments of social/human services, medical assistance sites, and the CHP+ eligibility and enrollment vendor, the income can be verified through IEVS. When working with staff for the Colorado Department of Human Services (CDHS), it was determined that the proposed automated IEVS implementation in CBMS would have an adverse impact on the financial programs managed by CDHS. The Colorado Health Foundation funded the implementation of IEVS based on the original fiscal note for SB 08-161. However, it was determined that the costs associated to make changes to accommodate requirements for CDHS financial programs would be substantially greater than originally estimated. When the Department received funding from HRSA as described above to fully implement IEVS, the Department, CDHS, and Deloitte Consulting LLP began gathering requirements and discussing the most feasible options on how to best implement IEVS into CBMS. The anticipated implementation of IEVS into CBMS is projected to be June 2011.

## **Monitoring and Quality Unit**

The Department's Eligibility Monitoring and Quality Unit is the foundation for many of the improvement efforts currently performed by the Department. The Unit continues to be responsible for monitoring and disseminating the Exceeding Processing Guidelines (EPG) report and also has responsibility for the following:

### **Medicaid Eligibility Quality Control (MEQC)**

Although the MEQC Unit is part of the Audits Section, the Eligibility Monitoring and Quality Unit serves a key role in the MEQC process. The Unit contributes to the overall success of the eligibility and enrollment process in the following ways:

- Provides invaluable input into areas of concern which could benefit from MEQC studies.
- Offers technical expertise on difficult cases under review.
- Conducts research of rules, regulations and operational procedures.
- Monitors the corrective action plans resulting from MEQC findings.
- Makes recommendations to Department management on identification and resolution of operational, system and policy conflicts as a result from MEQC findings.
- Provides technical expertise to sites on how to resolve identified issues.

The MEQC and the PERM processes are discussed in greater detail later in this section.

### **Medical Eligibility Quality Improvement Plan (MEQIP)**

The Department's Monitoring and Quality Unit is directly responsible for the oversight of the MEQIP. The Unit provides technical assistance on the sites internal quality review processes, monitors and trends the results of the quality improvement activities. The Unit offered five technical conference calls to sites to provide guidance on expectations, to identify resources, documents and tools, and to provide technical assistance on the completion of the annual plan and quarterly reports. The Unit also responds to inquiries sent to a dedicated email address [MEQIP@hcpf.state.co.us](mailto:MEQIP@hcpf.state.co.us) as well as provides over-the-phone assistance.

## **Training**

The Unit provides enhanced and specialized technical training that is not comparable to any of the CBMS training offered through the Office of Information Technology. The training is provided upon request through over the phone support, on site or in a computer lab. The Unit also responds to email requests for assistance. The Unit spent over one full month conducting on-site training for a new MA site in preparation for their first operational day. The Unit also reviews eligibility training materials before they are presented by other Department eligibility staff to ensure that specific areas of concern identified through the various audit findings are adequately addressed.

## **Audit Follow-up**

The Unit monitors all of the audit findings, recommendations and activities in relation to the eligibility determination process to ensure that areas of concern are adequately addressed and that staff remains focused on the priority issues. At times, audit recommendations cannot be implemented as originally intended due to a variety of variables outside of the Unit's direct control, which may include but is not limited to budget/funding, political negotiations with the Colorado Department of Human Services on prioritization of CBMS changes, new legislation and federal guidance/priorities.

## **Training**

The Department's Eligibility Division is responsible for training all of the eligibility sites and has been dependent on the availability of funding for these activities. As part of the Department's state fiscal year 08-09 budget, funds were appropriated to create an external training unit with three dedicated FTE to develop training curriculum and coordinate external trainings with external stakeholders and partners. Because of the hiring freeze, the Department has only been able to hire one FTE to assist with training efforts. However, with just an additional resource, the Department has been able to bolster its efforts around training. In the spring of 2009, the Department sponsored seven regional mini-conferences for community stakeholders and county workers that focused on a variety of eligibility related topics. For the 2009 calendar year, the Department's 4,889 county and community partners participated in Department trainings with a unique participant count of 1,537. For the calendar year 2010, the Department trained 1,759 individuals.

Additionally, the Department continues to subscribe to an online registration service. This allows the Department to focus efforts on producing quality training and supporting materials and to focus less on coordinating logistics to train 1,700 CBMS users and 500 advocates and application assistance staff statewide. The registration service allows the Department to track, manage and report on our training efforts, site registration, attendance, and training evaluation feedback.

The Department plans to correlate the eligibility worker's participation/attendance at trainings with their performance as part of the Medical Eligibility Quality Improvement initiative. The Department also plans to provide summary reports to eligibility site supervisors and management on their staff's attendance at available trainings.

## **Application Overflow Process for Counties**

Since April 2009, the Department has been offering additional resources to assist the county departments of social/human services with the increased number of applications submitted to the counties as a result of the current economic downturn. This assistance is for applicants applying only for "family and children's medical" programs administered by the Department. The Overflow Application Process for counties accommodates applications that have not yet been worked or entered into CBMS.

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Until December of 2009, applications were sent to the Department by the counties. Staff from the Department's Eligibility Section performed quality assurance on each application, entered the information into a database, sent correspondence to the clients notifying them of our receipt of their application, and then assembled the applications to ACS CHP+ or to Peak Vista. ACS CHP+ typically processed applications and enters the information into CBMS within two weeks of receiving the applications. Because of this process, fewer applications are exceeding the timely processing guidelines.

However, the Eligibility Division staff exceeded its capacity to triage the increasing volume of applications that counties are sending to the Department. It is estimated that over 14,280 medical-only applications have been diverted from a number of counties for processing at alternative medical assistance sites. For example, 853 applications were processed through the Department's Eligibility Section in the month of October 2009 and greater numbers of counties are seeking assistance through this process. Because of the demand, the Department trained and contracted with the Department of Personnel and Administration, Integrated Document Solutions (IDS) through February 28, 2011 to manage the Department's application overflow process. This process ensures the timely processing of applications diverted from the local county departments of human/social services. To date approximately 14,280 medical only applications have been processed with the overflow process. The Department is currently working on amending the IDS contract to include the processing of Medicaid redeterminations. The anticipated target date to move forward with the processing of redeterminations through the application overflow process is July 1, 2011.

## Crosswalk of OSA Findings and Department Initiatives

OSA Finding	SFY 10 No.	SFY 09 No.	SFY 08 No.	Initiatives and Projected Implementation Date
Medicaid Case File Documentation	63	53	56	<ul style="list-style-type: none"> <li>Medical Eligibility Quality Improvement Plan (Ongoing)</li> <li>Interfaces with federal and state databases (HRSA and Governor Ritter Executive Order) (2010 – 2014)</li> <li>Electronic Application Assistance Site Mapping Project (Colorado Trust) (December 2010- implemented)</li> <li>Colorado Program Eligibility and Application Kit (CBMS) (Spring 2011)</li> <li>Electronic Document Management System (Eligibility and Enrollment for Medical Assistance Programs Contractor) (October 2010)</li> <li>Executive Director County Rules (December 2010 – implemented)</li> <li>Training and Technical Assistance (Ongoing)</li> <li>Supervisory Review (June 2011)</li> </ul>
Controls Over Data Input for the Medicaid Program	60	54	57	<ul style="list-style-type: none"> <li>Medical Eligibility Quality Improvement Plan (Ongoing)</li> <li>Intelligent Data Entry (CBMS) (Phase II Spring 2011)</li> <li>Colorado Program Eligibility and Application Kit (CBMS) (Spring 2011)</li> <li>Colorado Eligibility Process Improvement Collaborative (Colorado Health Foundation) (March 2010 – June 2011)</li> <li>Electronic Document Management System (Eligibility and Enrollment for Medical Assistance Programs Contractor) (October 2010)</li> <li>Application Overflow Processing (Ongoing)</li> <li>Monitoring and Quality Unit (Ongoing)</li> <li>Training (Ongoing)</li> <li>Supervisory Review (June 2011)</li> </ul>
Income, Eligibility, and Verification System Compliance for the Medicaid Program	59	55	59	<ul style="list-style-type: none"> <li>Interfaces with federal and state databases (HRSA and SB 08-161) – Fully automated IEVS process (June 2011)</li> </ul>
Medicaid Eligibility Termination and System Problems	55	58	55	<ul style="list-style-type: none"> <li>Transitional Medicaid Policy and System Changes (Transitional Benefits Reports and alerts to be eliminated in June 2011. Rules adopted by Medical Services Board November 2010 to change Transitional Medicaid policy)</li> <li>Training (Ongoing)</li> </ul>
Children's Basic Health Plan (CHPB) Eligibility Determination and Case Documentation	63	59	56 68	<ul style="list-style-type: none"> <li>Medical Eligibility Quality Improvement Plan (Ongoing)</li> <li>Interfaces with federal and state databases (HRSA and Governor Ritter Executive Order) (2010 – 2014)</li> <li>Electronic Application Assistance Site Mapping</li> </ul>

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				<ul style="list-style-type: none"> <li>Project (Colorado Trust) (December 2010 - Implemented)</li> <li>• Colorado Program Eligibility and Application Kit (CBMS) (Spring 2011)</li> <li>• Electronic Document Management System, IVR, (Eligibility and Enrollment for Medical Assistance Programs Contractor) (July 2010)</li> <li>• Contract Management (Ongoing)</li> <li>• Colorado Eligibility Process Improvement Collaborative (Colorado Health Foundation) (March 2010 – June 2011)</li> </ul>
Income, Eligibility, and Verification System Compliance for the CHBP Program	59	60	59	<ul style="list-style-type: none"> <li>• Interfaces with federal and state databases (HRSA and SB 08-161) – Fully automated IEVS process (June 2011 )</li> </ul>
Other Health Insurance and the CBHP Program	N/A	61	N/A	<ul style="list-style-type: none"> <li>• Policies and procedures implemented January 2010 for CHP+ Vendor for investigation of creditable coverage</li> </ul>
CBHP Program Data Input Controls	60	62	57	<ul style="list-style-type: none"> <li>• Medical Eligibility Quality Improvement Plan (Ongoing)</li> <li>• Intelligent Data Entry (CBMS) (Phase II December 2010)</li> <li>• Colorado Program Eligibility and Application Kit (CBMS) (Spring 2011)</li> <li>• Colorado Eligibility Process Improvement Collaborative (Colorado Health Foundation) (March 2010 – June 2011)</li> <li>• Electronic Document Management System (Eligibility and Enrollment for Medical Assistance Programs Contractor) (October 2010)</li> <li>• Application Overflow Processing (Ongoing)</li> <li>• Monitoring and Quality Unit (Ongoing)</li> <li>• Training (Ongoing)</li> <li>• Supervisory Review (June 2011)</li> </ul>
Requirements of the Deficit Reduction Act	67	63	72	<ul style="list-style-type: none"> <li>• Medical Eligibility Quality Improvement Plan (Ongoing)</li> <li>• Electronic Document Management System (Eligibility and Enrollment for Medical Assistance Programs Contractor) (Oct2010)</li> <li>• Interfaces with federal and state databases (HRSA and Governor Ritter Executive Order) (2010 – 2014)</li> <li>• Electronic Application Assistance Site Mapping Project (Colorado Trust) (December 2010)</li> <li>• Training (Ongoing)</li> </ul>
Timely Processing of Applications	64	64	54, 69	<ul style="list-style-type: none"> <li>• Medical Eligibility Quality Improvement Plan (Ongoing)</li> <li>• Intelligent Data Entry (CBMS) (Phase II Spring 2011)</li> <li>• Colorado Program Eligibility and Application Kit (CBMS) (Spring 2011)</li> <li>• Colorado Eligibility Process Improvement Collaborative (Colorado Health Foundation) (March 2010 – June 2011)</li> <li>• Electronic Document Management System</li> </ul>

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				<p>(Eligibility and Enrollment for Medical Assistance Programs Contractor) (October 2010)</p> <ul style="list-style-type: none"> <li>• Application Overflow Processing (Ongoing)</li> <li>• Monitoring and Quality Unit (Ongoing)</li> <li>• Training (Ongoing)</li> <li>• Interfaces with federal and state databases (HRSA and Governor Ritter Executive Order) (2010 – 2014)</li> <li>• Electronic Application Assistance Site Mapping Project (Colorado Trust) (December 2010)</li> <li>• Improved CBMS Reports (Spring 2011)</li> </ul>
Controls over Eligibility Determinations	56	N/A	N/A	<ul style="list-style-type: none"> <li>• Changes implemented in July 2010 in CBMS to address 1931 eligibility issues</li> <li>• Medical span issues will be prioritized as resources permit.</li> </ul>

## **Payment Error Rate Measurement (PERM) and Medicaid Eligibility Quality Control (MEQC)**

The Department currently conducts audits of eligibility determinations under the two federally mandated programs: (1) Payment Error Rate Measurement Program (PERM) and the Medicaid Eligibility Quality Control (MEQC) studies. Many states have asked for changes to the two programs because of the overlap in the requirements and the duplication of resources necessary to perform both activities.

### **Payment Error Rate Measurement Program (PERM)**

The PERM program is required by the federal Centers for Medicare and Medicaid Services (CMS) to comply with the Improper Payments Information Act of 2002. The purpose of the program is to examine the accuracy of eligibility determinations and claims payment to ensure that the Department only pays for appropriate expenditures. States are divided and rotate every three years through a PERM cycle. Colorado is considered a "year-two" or federal fiscal year (FFY 2007) state. Colorado's first PERM review was conducted in FFY 2007. The next PERM cycle will begin in FFY 2010. Despite the delay in the release of federal regulations and policies, the Department was one of the few FFY 2007 states that completed the eligibility reviews on time per federal requirements. Under PERM, the Department was required to work with three federal contractors to conduct review of claims payments. This review included 520 Medicaid FFS claims, 272 Medicaid managed care claims, and 272 CHP+ managed care claims. In addition, the Department hired a contractor, Maximus Inc., to conduct the eligibility reviews of 1,416 case files. The results of the PERM reviews are reported in the table below. It is important to note that Colorado's Medicaid error rate of 6.02 percent and SCHIP error rate of 6.12 percent are substantially below the national average error rates of 10.5 percent and 14.7 percent, respectively, of the other 16 states.

<b>Colorado Medicaid Error Rates</b>	<b>Sample Size</b>	<b>Colorado Error Estimate</b>	<b>National Average Error Estimate</b>
<b>Overall</b>	<b>1,296</b>	<b>6.02%</b>	<b>10.5%</b>
Fee-for-service claims	520	5.42%	8.9%
Managed care claims	272	0.11%	3.1%
Eligibility payment error rate with undetermined cases counted as errors	504	1.20%	2.9%

<b>Colorado SCHIP Error Rates</b>	<b>Sample Size</b>	<b>Colorado Error Estimate</b>	<b>National Average Error Estimate</b>
<b>Overall</b>	<b>776</b>	<b>6.12%</b>	<b>14.7%</b>
Fee-for-service claims	-	-	11.0%
Managed care claims	272	0.12%	0.1%
Eligibility payment error rate with undetermined cases counted as errors	504	6.01%	11.0%

Currently, the Department is completing the federally required PERM corrective action plan for any identified claims or eligibility errors. The Department is utilizing this information to improve administrative processes to further improve claims payment and the accuracy of eligibility determinations. The greatest contributing factor of claim errors was the inability to obtain the medical records from the providers. The greatest contributing factors of the eligibility error rate were inaccurate income calculations and the Deficit Reduction Act verifications.

The Department must return the federal share for any claims paid in error and recover the overpayment from the providers. CMS does not require the return of federal financial participation (FFP) for any errors identified with incorrect eligibility determinations.

The Department will be starting a new PERM cycle for eligibility determinations starting July 1, 2010. Although the federal government is currently not requiring CHP+ reviews, the Department believes this monitoring is necessary and will continue to review CHP+ eligibility determinations for accuracy.

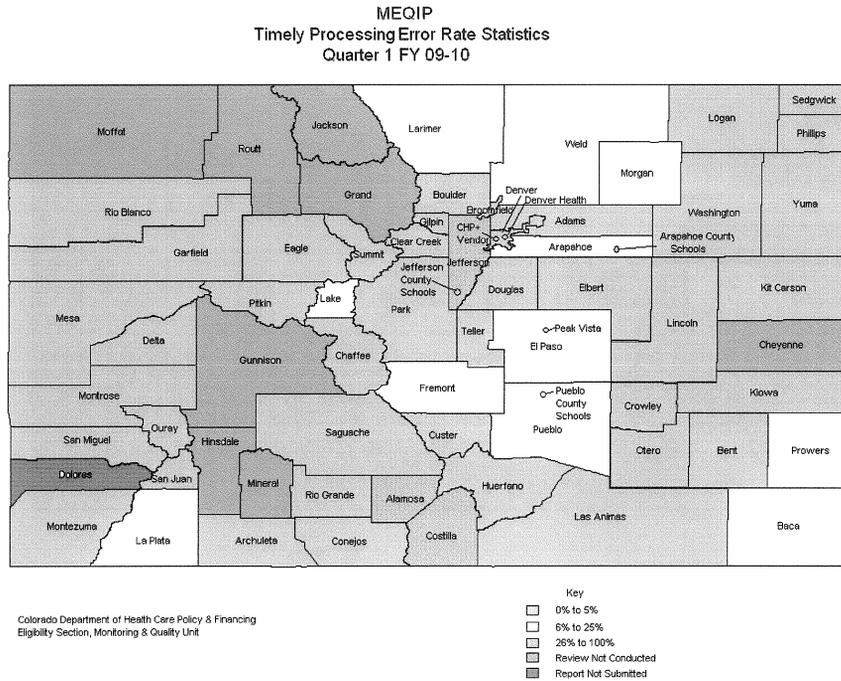
### **Medicaid Eligibility Quality Control (MEQC)**

The Department also conducts MEQC studies that are referred to as pilots. Pilot MEQC studies allow the Department to identify areas of concern and review the eligibility determinations for these issues. Pilots differ from traditional MEQC in that traditional MEQC will look at a broad sample of eligibility determinations. The advantage of the pilots is that the Department can investigate specific areas where the Department may have concerns and then make administrative changes to address deficiencies. Because pilots specifically investigate an area of concern, the error rate for the study may be increased. However, the probable increase in the error rate is offset by the ability to improve the accuracy and timeliness of eligibility determinations. After the Department completes an MEQC study, the Department distributes a final report that outlines the issues identified in the pilot and the steps that the Department is taking to eliminate or reduce the errors in the future. Additionally, the Department requires the eligibility sites to respond to the findings with an overall corrective action plan. The Department also requires the sites to respond to the individual case errors documenting the corrective action taken.

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Due to the fact that the Department conducts pilots, the Department does not risk FFP for incorrect eligibility determinations based on guidance from CMS.

## Appendix A: MEQIP Maps for Q1 and Q2

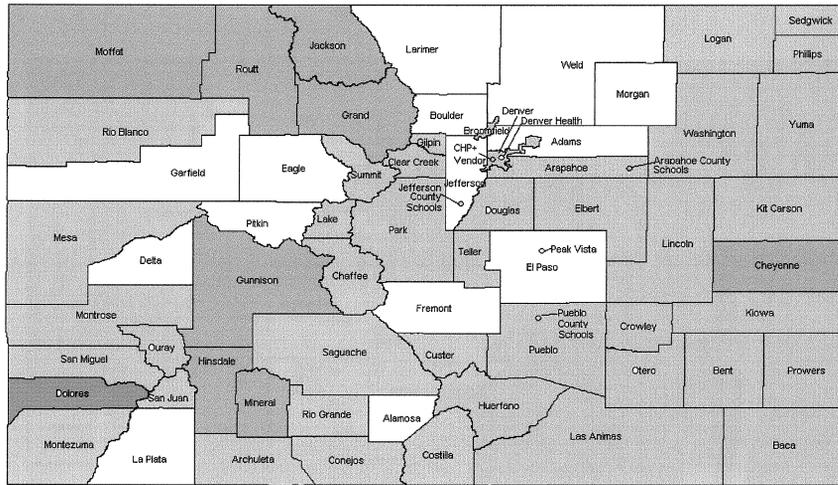


### About the Key

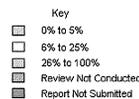
- Percentages are an average of the 3 months reported within the quarter.
- Locations that show the 'Review was not conducted' may include counties that are participating in the Overflow Process. Other counties may not have conducted their review for other reasons such as staffing, etc.
- Locations that show the 'Report was not submitted' means that the Department did not receive the quarterly report by the date these reports were prepared on 2-22-10.

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MEQIP  
Data Entry Rate Statistics  
Quarter 1 FY 09-10



Colorado Department of Health Care Policy & Financing  
Eligibility Section, Monitoring & Quality Unit



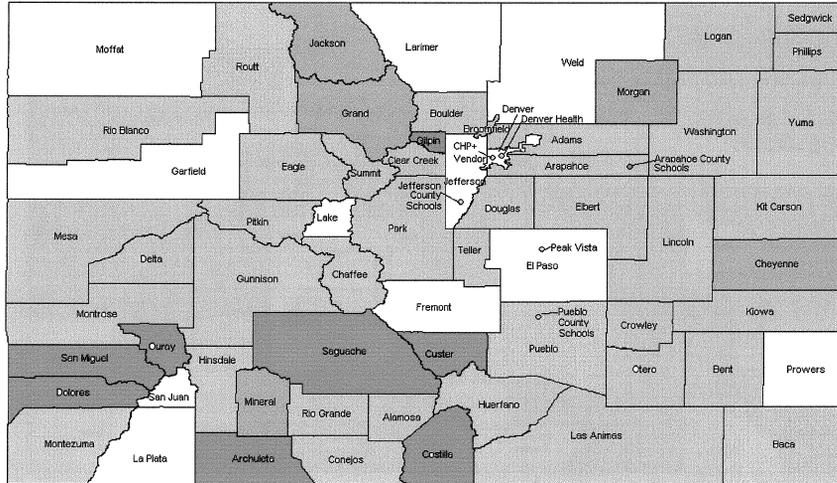
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MEQIP  
Timely Processing Error Rate Statistics  
Quarter 2 FY 09-10



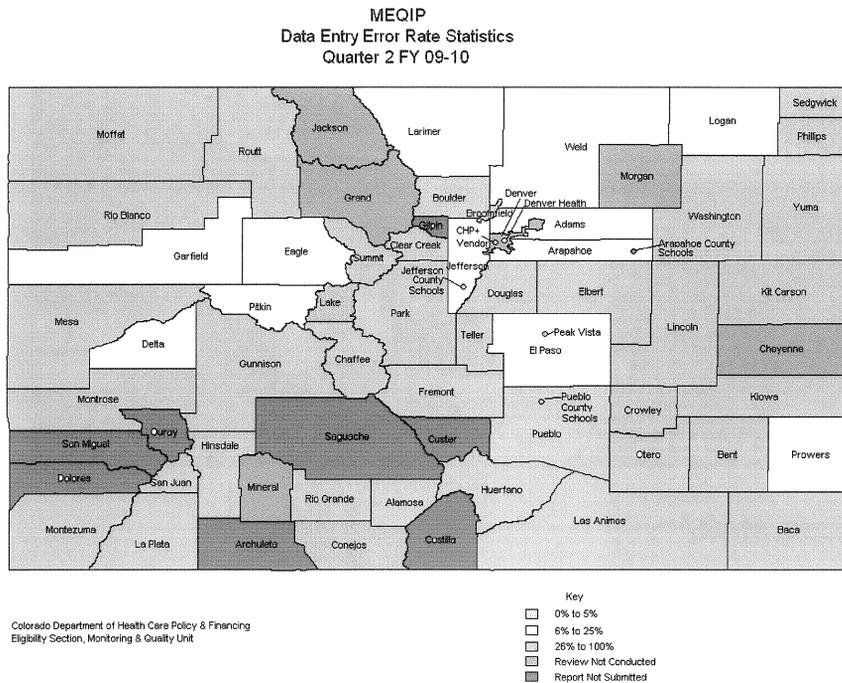
Colorado Department of Health Care Policy & Financing  
Eligibility Section, Monitoring & Quality Unit

Key  
 0% to 5%  
 6% to 25%  
 26% to 100%  
 Review Not Conducted  
 Report Not Submitted

About the Key

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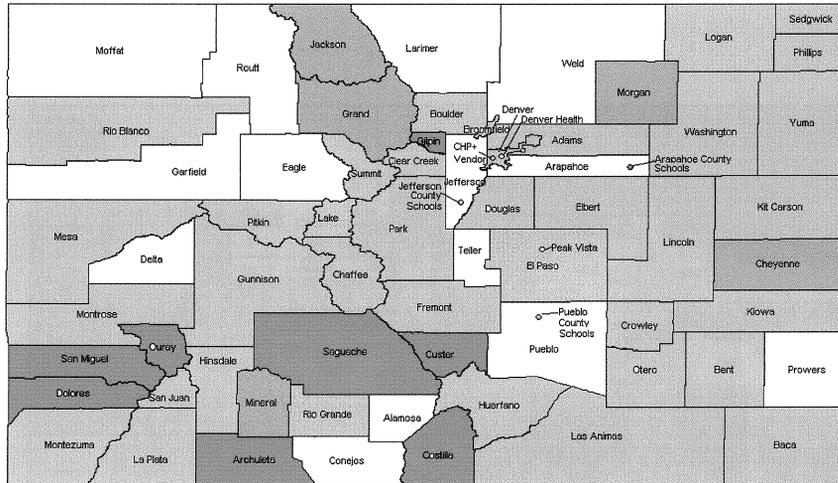


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MEQIP  
Case File Documentation Error Rate Statistics  
Quarter 2 FY 09-10



Colorado Department of Health Care Policy & Financing  
Eligibility Section, Monitoring & Quality Unit

Key  
 0% to 5%  
 6% to 25%  
 26% to 100%  
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## **Appendix B: CBMS Changes**

<b>Recommendation</b>	<b>System Change</b>	<b>Brief Description</b>	<b>Estimated Implementation</b>	<b>Status</b>
# 55	IEVS/CDLE Interface	Will permit the administrative verification of income through existing wage databases including the Colorado Department of Labor and Employment (DOLE) as well as the Income and Eligibility Verification System (IEVS) for expansion populations.  Will also allow most clients to self declare their income	June 2011	On Target
# 63	SSA Interface	Social Security Act Interface. This will be an interface to verify citizenship.	June 2011	On Target
#63	DMV/DOR Interface	Department of Motor Vehicle Interface. This will be an interface to verify identity.	August 2011	On Target
#63	Vital Stats Interface	This will be an interface to help verify citizenship	Spring 2012	Pilot Phase.  Pilot began Dec 2010 and will run for approximately six months. 20 end-users located at different eligibility sites.
	Free Reduced Lunch	Auto Enrollment	Winter 2011	In Process
#62	WEB Portal (IDE)		April 2011	On Target
#62	PEAK Phase II	Apply online for Public Programs	April 2011	On Target
	Administrative Renewal/Ex Parte	Administrative Renewal	September 2011	On Target



Office of the State Auditor

Dianne E. Ray, CPA  
Acting State Auditor**MEMORANDUM**

Date: May 23, 2011

To: Members of the Legislative Audit Committee

From: Dianne E. Ray, CPA   
Acting State Auditor

Re: Recovery Audit Department Exemption Request

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House Bill 10-1176 requires the State Controller to contract for recovery audits for the 2007-08, 2008-09, and 2009-10 fiscal years. The State Controller may submit a proposal for exemption from recovery audits to the Legislative Audit Committee and Joint Budget Committee. Both Committees are to vote on the proposed exemption.

Enclosed is a revised letter from David McDermott, State Controller, on exemptions from recovery audits based on the enactment of House Bill 11-1307. This bill allows for the exemption of a portion of a state agency. Also included is a spreadsheet that details the programs at the Department of Health Care Policy and Financing and whether or not they are covered by federal recovery audits. In addition, House Bill 11-1307, which modified the status related to recovery audits, is enclosed for your reference.

The Legislative Audit Committee will need to approve or deny the proposed exemption.



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