

Timeliness of Medicaid Eligibility Determinations Declined Due to Challenges Imposed by NC FAST and Affordable Care Act Implementation

A presentation to the Joint Legislative
Program Evaluation Oversight Committee

April 11, 2016

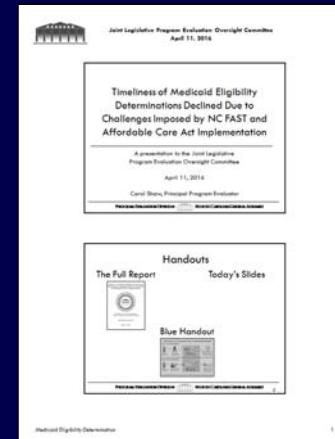
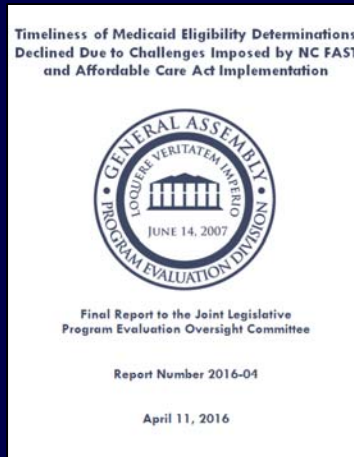
Carol Shaw, Principal Program Evaluator



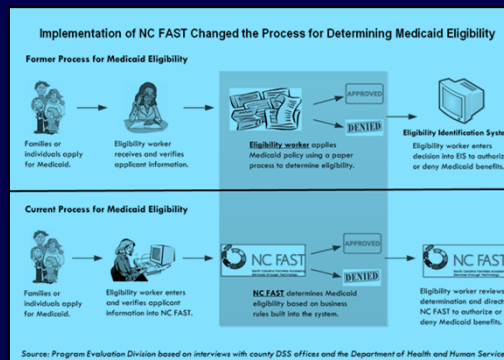
Handouts

The Full Report

Today's Slides



Blue Handout



Our Charge

- Directive: This committee directed PED to evaluate the effectiveness and efficiency of the Medicaid eligibility determination process
- Agencies: Department of Health and Human Services (DHHS) & County Departments of Social Services (County DSS Offices)
- Team: Carol Shaw, Jim Horne, Brent Lucas, and Pam Taylor

Report p. 2



Overview: Findings

1. County DSS offices failed to meet NC's timeliness standard for processing Medicaid applications for Fiscal Years 2013–14 and 2014–15
2. The decrease in the statewide timeliness percentage for processing Medicaid applications in Fiscal Years 2013–14 and 2014–15 coincided with a workload increase for county DSS offices



Overview: Findings

3. NC FAST implementation and the enactment of the Affordable Care Act created conditions that affected the workload of county DSS offices and posed other challenges
4. The NC FAST system offers DHHS the opportunity to proactively manage and monitor the performance of county DSS offices; however, the department needs additional resources and authority to hold counties accountable



Overview: Recommendations

The General Assembly should

1. Direct DHHS to report on the timeliness of Medicaid eligibility determinations for Fiscal Years 2015–16 and 2016–17
2. Enact state law authorizing DHHS to intervene and manage county administration of Medicaid eligibility determinations when warranted
3. Appropriate \$300,000 to DHHS to support utilization of NC FAST data for performance measurement and evaluation



Background



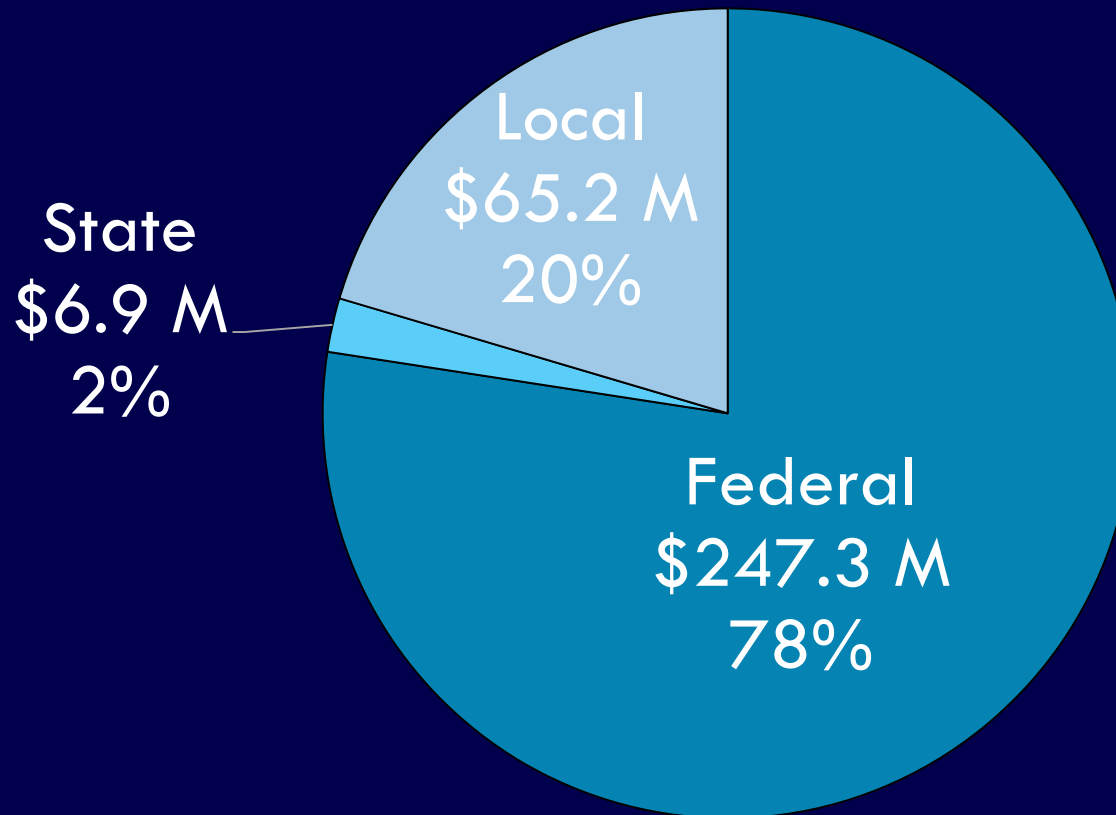
Medicaid Eligibility Determined through a State-Supervised and County-Administered System

- NC is one of 8 states delegating the Medicaid eligibility determination process to county DSS offices
- DHHS supervises county Medicaid administration and serves as intermediary between counties and federal government
- County DSS offices must follow federal and state requirements for the Medicaid Program
- Medicaid program expended \$13.7 billion and served 2.3 million people in FY 2014–15

Report pp. 4, 6



Counties Spent \$65.2 Million for the Medicaid Eligibility Determination Process During FY 2014–15



Expenditures for Medicaid Enrollment Activities = \$319.4 M

Report p. 5



Findings



Finding 1

County DSS offices failed to meet NC's timeliness standard for processing Medicaid applications for Fiscal Years 2013-14 and 2014-15

Report p. 8



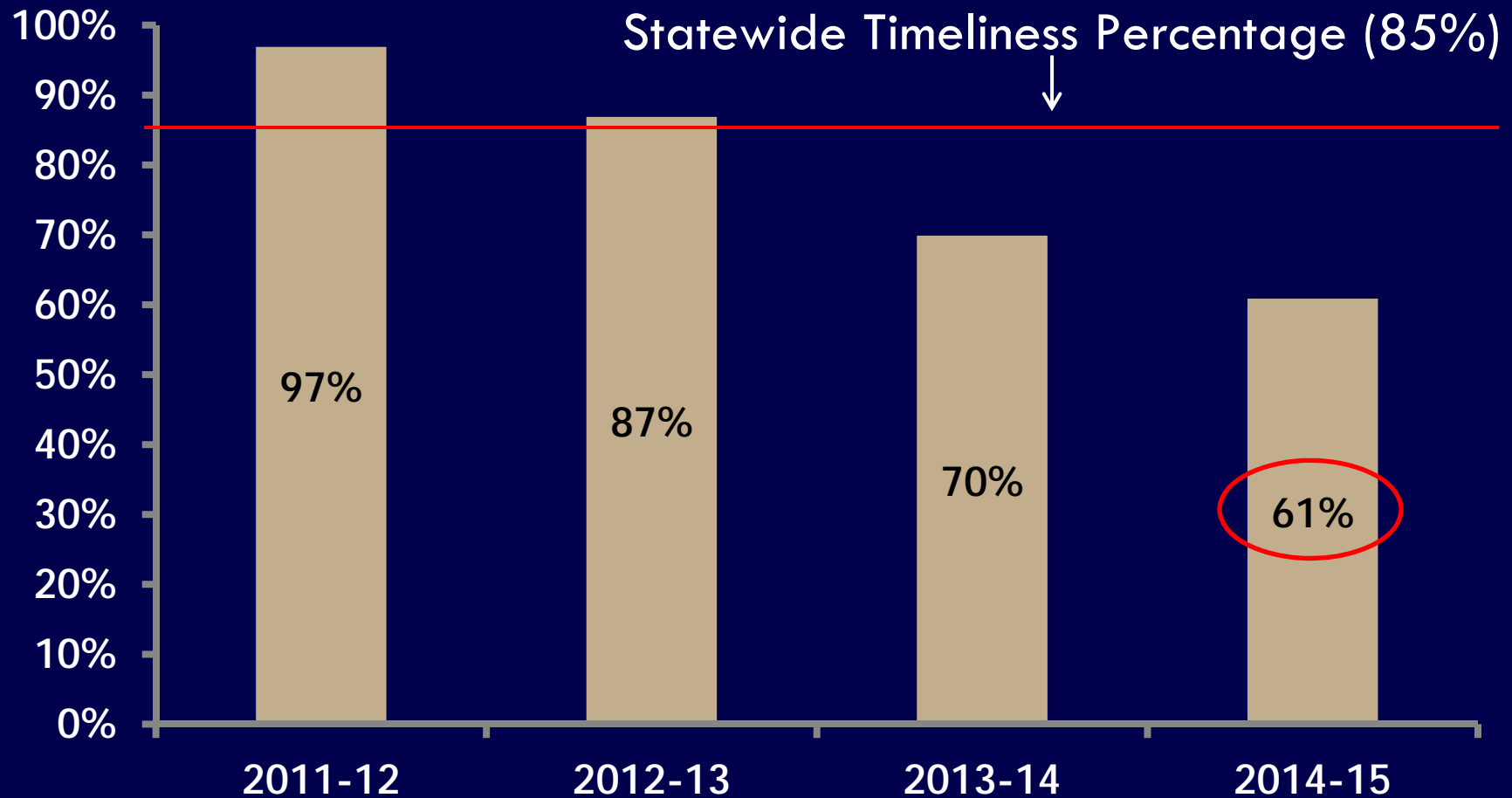
NC Medicaid Timeliness Standard

- Federal regulations require states to establish timeliness standards
- Maximum time period for most Medicaid applications is 45 days
- NC's timeliness performance standard is to have 85% or 90% (based on county size) of Medicaid applications processed in a timely manner

Report p. 8



Only 61% of NC's Medicaid Applications Were Processed in a Timely Manner in FY 2014-15



Report pp. 8-9



The Number of County DSS Offices Meeting Timeliness Standards Dropped from All to None

Fiscal Year	Number of Counties Meeting Standard
2011-12	100
2012-13	49
2013-14	4
2014-15	0

Report pp. 9-10



Finding 2

The decrease in the statewide timeliness percentage for processing Medicaid applications in Fiscal Years 2013–14 and 2014–15 coincided with a workload increase for county DSS offices

Report p. 10



Number of Medicaid Applications Increased by 43% in FY 2013–14

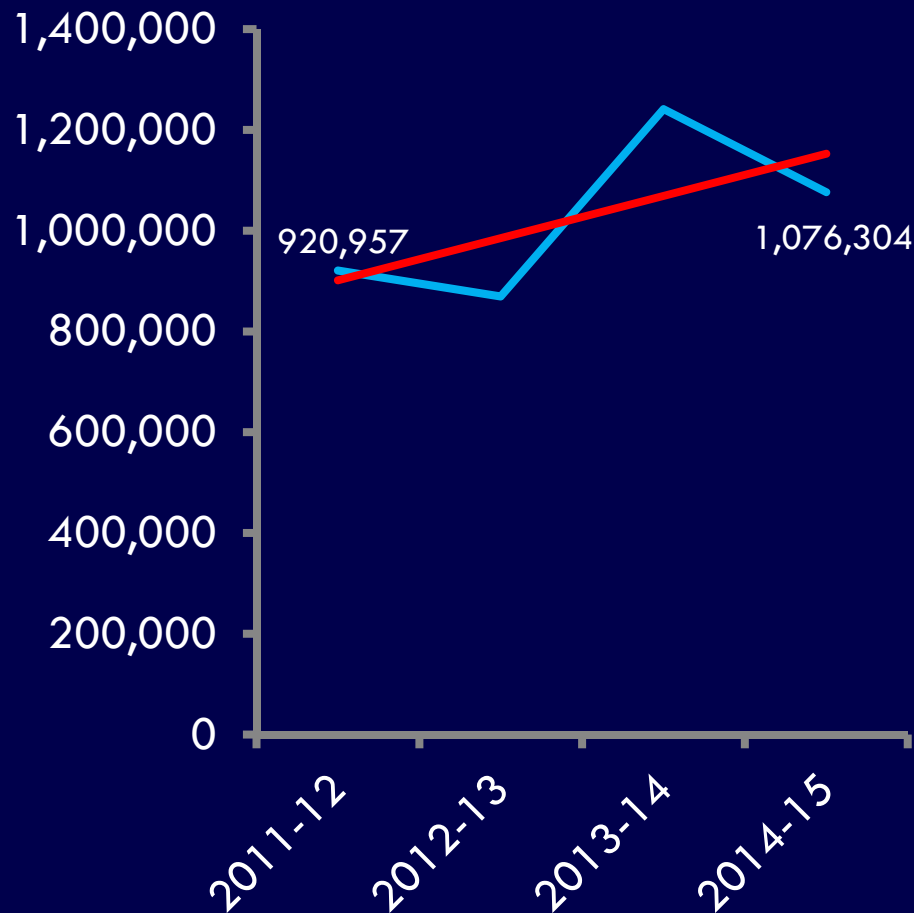
Fiscal Year	Number of Medicaid Applications	Annual Percent Change	
2010–11	1,028,454	–	
2011–12	920,957	-10%	↓
2012–13	869,490	-6%	↓
2013–14	1,241,026	43%	↑
2014–15	1,076,304	-13%	↓

Report p. 11

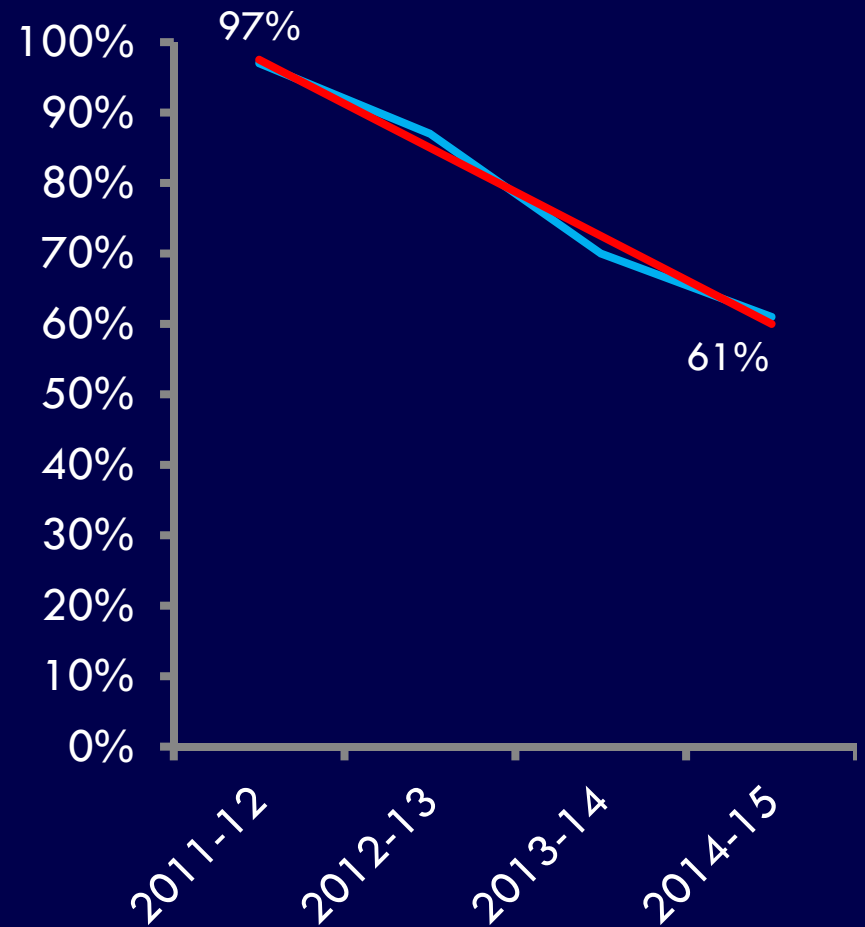


Increase in Medicaid Applications Coincides with Decrease in Timeliness

Number of Medicaid Applications



Statewide Timeliness Percentage



Finding 3

NC FAST implementation and the enactment of the Affordable Care Act created conditions that affected the workload of county DSS offices and posed other challenges

Report p. 13



NC FAST Implementation and ACA Requirements Affected Workload and Timeliness

- Implementation of NC FAST had to be expedited to meet requirements of Affordable Care Act (ACA)
- Initiation of new federal Medicaid eligibility policy was required by ACA

Report p. 13



ACA Requirements Altered NC FAST Implementation Plan

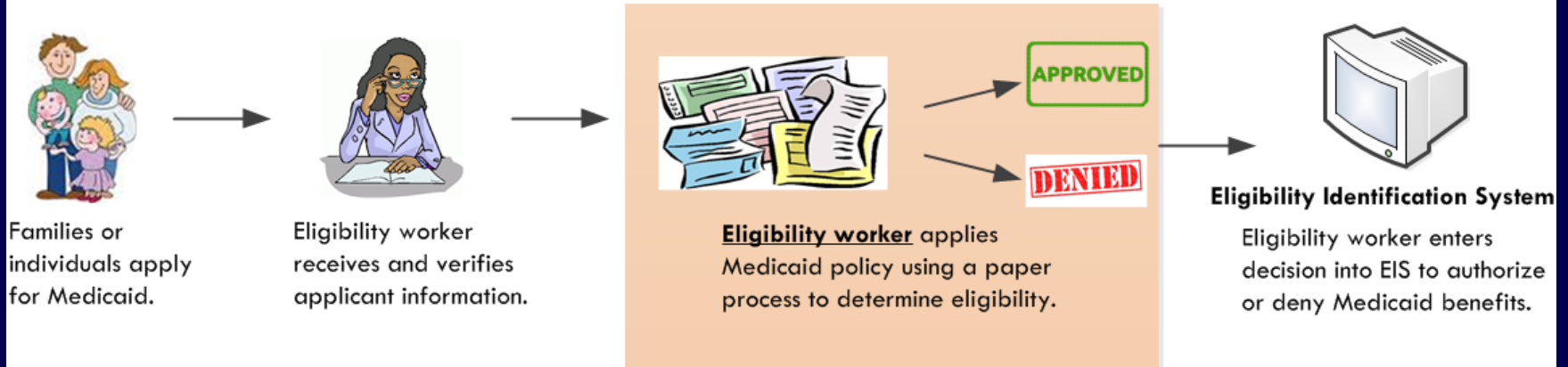
- Screening, intake, and eligibility determination for Medicaid and other economic benefit programs combined into a single project
- New project to accommodate ACA eligibility requirements for Medicaid and enable NC FAST to interface with HealthCare.gov
- Both projects were designed, built, and implemented concurrently

Report pp. 14-16

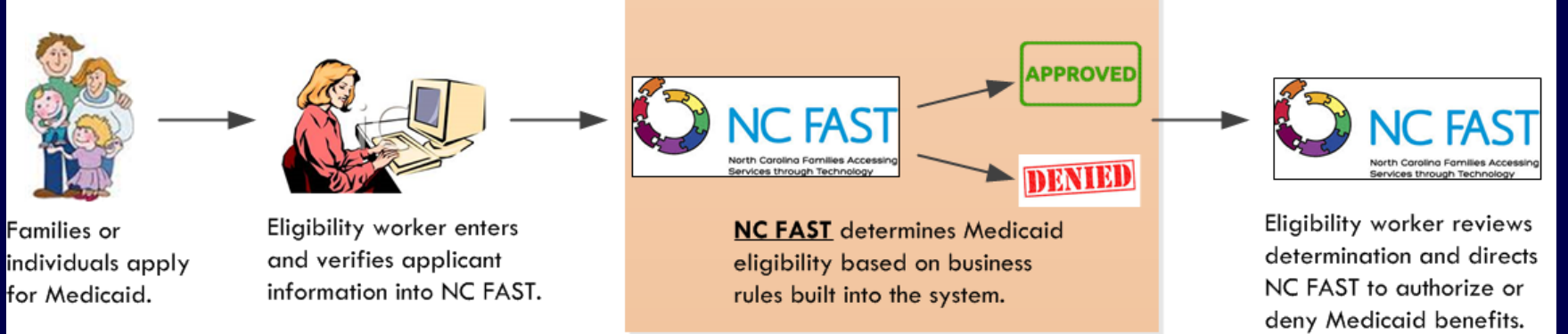


Implementation of NC FAST Changed the Process for Determining Medicaid Eligibility

Former Process for Medicaid Eligibility



Current Process for Medicaid Eligibility



Report pp. 16-17



NC FAST Issues Affected Timeliness

- **NC FAST system availability** – Workers cannot perform eligibility determinations when system is unavailable
- **NC FAST system defects** – Prevent workers from determining eligibility or authorizing benefits
- **NC Fast Helpdesk** – Waiting for NC FAST Helpdesk to resolve problems with processing Medicaid cases can affect timeliness

Report pp. 18-20



NC FAST and ACA Implementation Adversely Affected Medicaid Eligibility Workers

Eligibility workers had to quickly learn how to use the NC FAST system to determine Medicaid eligibility and understand new federal eligibility guidelines required by the ACA

- Workers reported NC FAST is not easy to use and does not allow them to process eligibility determinations in a timely fashion
- County DSS directors reported that staff turnover increased after NC FAST and ACA implementation

Report pp. 17-18, 20-21



Medicaid Applications from HealthCare.gov Increased County DSS Workload and Created Backlogs

HealthCare.gov	2013-14	2014-15
Medicaid Applications	50,381	111,592
Approval Rate	10%	13%

- 83 county DSS directors reported a backlog of Medicaid applications
- PED analysis found timeliness for counties with a backlog was 10 percentage points lower than counties with no backlog

Report pp. 21-23



Finding 4

The NC FAST system offers DHHS the opportunity to proactively manage and monitor the performance of county DSS offices; however, the department needs additional resources and authority to hold counties accountable

Report p. 24



NC FAST Provides Real-Time Data for Managing and Monitoring Medicaid Eligibility Determination

- **Consistency** – NC FAST ensures consistent Medicaid eligibility determinations because policy is built into the system's business rules
- **Accountability** – DHHS can use NC FAST data to measure performance and hold county DSS offices accountable for meeting state and federal performance standards for timeliness and accuracy

Report p. 24



DHHS Needs More Robust Analysis Capability to Effectively Utilize NC FAST Data

- New NC FAST reports allow DHHS and county DSS offices to identify problems and trends
- No dedicated DHHS staff to routinely analyze NC FAST data or to provide training for county DSS offices
- Improved data analysis would allow DHHS to track Medicaid enrollment trends and provide real-time data models and dashboards

Report pp. 25-26



DHHS Has Limited State Authority to Hold County DSS Offices Accountable for Meeting Timeliness Standards

- State administrative rules direct how DHHS monitors timeliness of Medicaid eligibility determinations and provides a corrective action process
- DHHS does not have explicit state authority to
 - compel a county to expend resources
 - rescind county DSS office authorization to administer Medicaid eligibility determinations
- State intervention law for child welfare services offers a model for strengthening county accountability

Report pp. 28-31



Recommendations



Recommendation 1

The General Assembly should direct DHHS to report on the timeliness of Medicaid eligibility determinations for Fiscal Years 2015–16 and 2016–17

Report p. 32



Recommendation 2

The General Assembly should enact state law authorizing DHHS to intervene and manage county administration of Medicaid eligibility determinations when warranted

Report p. 33



State Intervention Authority for County Medicaid Administration

- **Corrective action trigger** – County DSS office noncompliant with Medicaid timeliness performance standard
- **Corrective action plan** – Joint plan to improve timeliness with up to 12-month implementation time period
- **State trigger** – County DSS office fails to meet timeliness standard as specified in corrective action plan
- **Action required before State management** – Written notice sent to county officials 90 days prior to state action

Report pp. 33-34



State Intervention Authority for County Medicaid Administration (cont'd)

- **State Management**— County DSS office divested of Medicaid administration authority; DHHS withholds federal funds and directs administration of Medicaid eligibility
- **County responsibility** — Pays nonfederal share of Medicaid administration cost
- **Resumption of county Medicaid administration** — Occurs when DHHS determines that the Medicaid eligibility determination process can be performed in a timely manner

Report pp. 33-34



Recommendation 3

The General Assembly should appropriate \$300,000 to DHHS to support utilization of NC FAST data for performance measurement and evaluation of Medicaid eligibility determinations performed by county DSS offices

Report p. 34



Improving DHHS's Data Analysis Capacity

- Seven new positions to provide more robust data analysis, performance monitoring, and support for effective use of NC FAST data by DHHS and county DSS offices
- Total cost = \$600,000 recurring with \$300,000 from the General Fund after federal cost sharing (50% match)

Report pp. 34-35



Summary: Findings

1. County DSS offices failed to meet NC's timeliness standard for processing Medicaid applications
2. The decrease in the statewide timeliness percentage coincided with workload increases for counties
3. NC FAST implementation and the Affordable Care Act affected the workload of county DSS offices
4. The NC FAST system offers the opportunity to proactively manage and monitor the performance of counties; however, the department needs additional resources and authority to hold them accountable



Summary: Recommendations

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Summary: Responses

Both the Department of Health and Human Services and the NC Association of County Departments of Social Services reported general agreement with the findings and recommendations



Legislative Options

- Refer report to any appropriate committees
- Instruct staff to draft legislation based on the report



Report available online at
www.ncleg.net/PED/Reports/reports.html

