

DMA ADMINISTRATIVE LETTER NO. 11-02, QC LTC Active Pilot, Negative Pilot and CARR

DATE: DECEMBER 7, 2001

SUBJECT: QC LTC ACTIVE PILOT, NEGATIVE PILOT AND CARR

**DISTRIBUTION: County Directors of Social Services
Medicaid Eligibility Staff**

I. PURPOSE

The Quality Assurance Section of the Division of Medical Assistance has received approval from the Centers for Medicare and Medicaid Services (CMS), formerly HCFA, to conduct another specialized Medicaid QC Pilot project during the coming year for the active and negative samples. Although the QC process is still federally mandated, CMS has strongly encouraged states to conduct targeted reviews of more error prone and/or high dollar cases instead of traditional sampling of the overall Medicaid universe. One of the benefits of conducting a pilot that targets error prone cases is that the State is not at risk of fiscal sanctions during the pilot. The State's official payment error rate is frozen at 0.6683, which was our error rate for the last sampling period prior to the first federally approved pilot.

Since April 1995, MQC has conducted four Pilot projects in lieu of traditional Medicaid sampling. The first two year pilot focused on long term care cases, the second pilot limited reviews to non-SSI MAABD, MAF and SAAD cases, the third focused on MAABD and MAF cases with deductibles, and the last pilot focused on recipients receiving Personal Care Services.

Because LTC cases are such high dollar cases, we believe it is important to once again focus our attention on this group of recipients. During the previous LTC pilot the payment error rate averaged over 3%. This means we were potentially mispending about \$30 million dollars annually on non-SSI LTC cases alone. It is hoped that the corrective action activities initiated from problems identified during the first pilot have had a lasting impact. To measure the impact, the new LTC pilot will basically be a repeat of our original pilot. It will target all (non-SSI) cases with a LTC living arrangement code and focus on the correctness of the eligibility determination.

II. LTC PILOT - ACTIVE SAMPLE

The sampling period for the LTC pilot will be October 2001 - September 2002. The universe will be limited to authorized MAABD (non-SSI) cases and Family and Children's cases with a long term care living arrangement code. Test samples show the majority of the sample cases are MAA and MAD. However, it is possible for MIC, MAF

and HSF cases to also be included in the universe. The sampling selection process and the eligibility review process for this project will be as follows.

A. Sampling Process

1. The sample universe is created from non-SSI Medicaid recipients that have a long term care living arrangement code in EIS for the QC review month.
2. Each month, three (3) cases will be randomly selected from a universe of cases for each of ten (10) pre-selected counties until all 100 counties are reviewed.

B. Eligibility Review Process

1. Each Quality Assurance Analyst (QCA) will visit one county monthly and read the case records for the three selected cases and conduct the property and tax searches at the county registrar of deeds office.
2. The QCA will also conduct visits with the recipient, whenever possible, and the responsible representative to complete the eligibility portion of the review. The QCA will conduct an in-depth interview with the recipient and/or his personal representative regarding all factors of eligibility.
3. The eligibility review will focus on resources, income, financial responsibility, and budgeting.

C. Eligibility Findings

1. For QC statistical purposes not all errors will be reported (coded) as errors during the QC process. (During traditional sampling federal regulation required all reserve errors to be reported as errors and all liability errors in excess of \$5 for the certification period to be reported as errors.) CMS allows states more flexibility in the reporting of errors during a pilot since more error prone and high dollar cases are being reviewed. During the LTC pilot the following errors will not be reported as errors during the review process for statistical purposes.
 - a. Errors that result in a reserve error of \$100 or less for the QC review month will not be coded in error for reporting purposes.
 - b. In addition, errors that result in a liability error of \$50 or less for the QC review month will not be coded in error for reporting purposes.
2. All eligibility errors found during the eligibility determination that are in excess of the amounts stated above will be coded as errors. MQC is no longer taking steps as we have done in years past to avoid coding cases in error, such

as getting rebuttal statements or statements of incompetence. Experience has shown that this process frequently prevented the agency from learning from their mistakes or correcting the cases. Here are several examples of the types of errors that will be coded during this project.

- a. If MQC finds excess resources, the analyst will not explore the incompetency policy, look for legally binding agreements or attempt to rebut the value of motor vehicles or real property if the agency had not taken these actions to reduce reserve prior to the QC review month.
 - b. If MQC finds additional income that results in an increased patient liability, the analyst will not search for unreported unmet medical needs to reduce the liability error.
 - c. If disability has not been properly established as required by policy, MQC will not hold the case awaiting a disability decision by DDS.
3. When MQC finds an error, the MQC supervisor will verbally notify the county Medicaid supervisor of the error and review the error findings with the agency. The agency will have an opportunity to review the case and provide rebuttal evidence regarding the error findings before the case is finalized. The MQC supervisor will inform the agency of their responsibility to apply the correct policy to the case.
 4. Once the error is finalized, the agency will receive written notification of the error findings on the DMA-7045, Medicaid Quality Control Report of Error Finding.
 5. As part of the agency's corrective action, the county will have an opportunity to submit evidence of corrective action that is taken to correct the error for current or ongoing eligibility to Debbie Chamblee in the Quality Assurance Section.
 - a. The agency's corrective action will not change the MQC error findings.
 - b. However, the corrective action will be coded and reported separately by MQC as corrective action taken by the agency.
 6. To help assure corrective action is taken to correct the unreported errors identified during the QC review process as specified in 1. a. and b., above, MQC will send the agency and the MPR a Medicaid QC Information Memo regarding the uncoded error. The agency will be responsible for taking corrective action to correct the problem.

III. NEGATIVE SAMPLE

- A.** MQC will continue to conduct the federally mandated Negative Case Action Reviews (terminations and denials) for all non-SSI cases that received or applied for Medicaid or NC Health Choice. However, rather than selecting the monthly sample from a statewide universe of cases, CMS has given permission for the monthly samples to be randomly selected from a universe of pre-selected counties each month.
1. The negative case action universe will consist of all non-SSI Medicaid-only aid program categories (other than IV-E), and AAF, SAA, SAD, and NC Health Choice (NCHC) cases.
 2. The universe will consist of case terminations and application denials that were effective two months prior to the sample month. For example, cases selected in October will be terminations and denials that occurred during August.
- B.** Each month, three (3) cases will be randomly selected from a universe of cases for each of ten (10) pre-selected counties until all 100 counties are reviewed. (Note: Cases selected for review for the negative case action reviews will not be selected from the same counties in which the LTC Pilot is being selected.)
- C.** The focus of the negative case action reviews will continue to be:
1. The correctness of the decision to terminate or deny medical assistance;
 2. The evaluation for coverage under all other medical assistance programs (including NCHC) prior to termination or denial; and
 3. The correctness of the timely notice requirements for terminated cases.

IV. CARR PROJECT

- A.** In addition to the LTC Pilot and the Negative Case Action Reviews, MQC will continue to conduct the Corrective Action Record Reviews (CARR) each month. We will use reports available in NCXPTR to identify and review the following types of cases.
1. Children who lost SSI when the childhood definition of disability changed and the children were granted "protected" status, and
 2. Individuals terminated from SSI in which an exparte review is required.
- B.** The QC analysts will conduct a case record review to determine whether the agency followed the requirements stated in policy regarding continued Medicaid coverage. The analysts will conduct CARR in the same county in which the negative case action sample is selected. The goal will be to randomly select and review at least twenty (20) cases from the NCXPTR reports for each county. However, the actual number

of reviews in each county may vary based on the number of cases identified on the NCXPTR reports. Some of the smaller counties may have less than twenty cases on all of the reports.

- C. The analyst will conduct an informal exit conference with the Medicaid supervisor(s) at the end of the review process and provide the agency with copies of the CARR review sheets for corrective action purposes if problems are detected. The Medicaid Program Representatives will follow up on corrective action with the county if the CARR process identifies potential problems in either of the areas being reviewed.

V. QC ANALYSTS

As a general rule the Medicaid QC analysts work in the counties surrounding their homes. Since one analyst will be retiring soon, a different analyst may be visiting your county as we shift assignments to cover the state. Listed below are the ten QC analysts, their home counties, and their supervisors that may be visiting your county during the coming year.

Frances Gallimore	Supervisor	Judy Worley	Supervisor
Rebecca Carroll	Cleveland	Brenda Hall	Brunswick
Drucilla Connor	Davie	Lynn Lane	Halifax
Nina Greeson	Catawba	Wanda Meadows	Jones (retiring)
Beth Justice	Haywood	Danny Squires	Wake
Sheryl Leatherberry	Guilford	Carol Waldrop	Moore

VI. GOALS

As in years past, we look forward to working with you during the LTC and Negative Pilots and CARR because we know that we can make a difference when we all work together to identify and correct problems. The goal of the Quality Assurance Section continues to be to provide the counties and the Medicaid Eligibility Section a means of corrective action by identifying problem areas, pinpointing causes of the problems and providing feedback on ways to prevent these problems from recurring in the future.

This Administrative Letter obsoletes DMA Administrative Letter No. 31-00 regarding the Medicaid PCS Pilot Project and DMA Administrative Letter No. 08-01 regarding the QC Negative Case Action Pilot Project.

If you have any questions concerning the LTC Pilot or Medicaid QC, please contact Debbie Chamblee, Chief of the Quality Assurance Section, at (919) 733-3590 or by e-mail at Debbie.Chamblee@ncmail.net.

Nina M. Yeager
Director