MEMORANDUM

To: Matt Huffman, President of the Senate
Robert Cupp, Speaker of the House of Representatives

From: Co-Chair Senator Tim Schaffer and Co-Chair Representative Kyle Koehler, Public Assistance Benefits Accountability Task Force

Date: October 5**,** 2022

RE: Review of the State Auditor's Report on the Recommendations of Ohio's Medicaid Eligibility Determination Process

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Introduction

The fiscal year 2022-2023 biennial budget (HB 110), under section 307.300 (C)(1), authorized the Public Assistance Benefits Accountability Task Force to review the November 9, 2020, report of the State Auditor, entitled "*Ohio's Medicaid Eligibility Determination Process,"* and determine to what extent the recommendations included in the report have been adopted. [1]

On June 28, 2022, the task force held a meeting to review the State Auditor's report. Chief Auditor, Debbie Liddil, and Chief Medicaid Auditor, Kristi Erlewine, from the Ohio Auditor of State's office presented the report's findings and recommendations to the members of the task force.

In addition, Allan Showalter, the Program Integrity Director at the Ohio Department of Medicaid (ODM) provided a status update of the agency's work to improve eligibility determinations, and steps taken by ODM to fulfill the recommendations set forth in the report. ODM also presented an overview of its progress in making improvements to eligibility determinations through system improvements, monitoring and reporting, and county training and engagement.

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[1] FY 2022-FY 2023 biennial budget provision (Section 307.300 (C)(1)), see page 2206, HB 110 text, as enrolled, https://www.legislature.ohio.gov/legislation/legislation-documents?id=GA134-HB-110

Overall, the memorandum serves as notification that the task force has fulfilled the requirements referenced above in HB 110. Furthermore, the memorandum provides an overview of the State Auditor's findings and recommendations, as well as ODMs response, during the June 28, 2022 task force meeting.

For additional context, the memorandum includes sections describing various state and federal audits, and a background of the Ohio Benefits System.

As co-chairs of the Public Assistance Benefits Accountability Task Force, we look forward to continuing to work and collaborate with members of the General Assembly, the Administration, local government officials, and stakeholders to ensure fiscal responsibility, transparency, and accountability in the delivery of public assistance benefits.

Overview of State and Federal Audits and Actions

The audit of Ohio's Medicaid eligibility determination process was initiated in response to findings in prior State of Ohio Single Audits, as well as audits conducted by federal agencies, and concerns with the state's backlog in Medicaid determinations. Specifically, in January 2020, in response to a Centers for Medicare and Medicaid Services (CMS) request, ODM submitted a corrective action plan (CAP) to address the backlog in processing applications and renewals. [2]

Also, on November 26, 2019, CMS released the Payment Error Rate Measurement (PERM) report for Ohio.[3] The PERM program measures improper payments in Medicaid and the Children's Health Insurance Program (CHIP) and produces improper payment rates for each program. The PERM reviews the following: (1) fee-for-services (FFS) medical review and data processing errors (based on payments to providers); (2) managed care data processing errors (based on capitation payments); and (3) eligibility errors (based on eligibility determinations). [4]

PERM reviews are conducted annually, examining 17 states per year or cycle. Each state is reviewed every three years. The improper payment rate is a measurement of payments made that did not meet statutory, regulatory, or administrative requirements. [5]

ODM noted the PERM review was based on estimates of improper payment made during CMS' audit for FY 2018 (July 1, 2017 – June 30, 2018). The review relies on eligibility records of up to one year prior (July 1, 2016 – June 30, 2017). During this period, the state was above the

[2] State Auditor's Report on "Ohio's Medicaid Eligibility Determination Process," November 9, 2020, https://ohioauditor.gov/auditsearch/Reports/2020/Medicaid_Eligibility_117_Audit_Franklin_2020.pdf
[3] FY 2019 CMS PERM report summary, https://medicaid.ohio.gov/news/press-release/01-17-20-ODM-PERM-press-release-final
[4] Ibid
[5] Ibid

national average error rate in Medicaid eligibility determination. [6] The PERM audit warned of a $6 billion error fine. [7]

In ODMs response to the State Auditor's report, the agency indicated that many of the PERM errors were caused by process and information technology system defects in the Ohio Benefits (OB) system, which manages online applications for Medicaid eligibility. [8] For example, the system defects included data overrides, untraceable decision making to eligibility determinations, and excessive alerts, which notify caseworks of potential changes in a beneficiary's circumstance that may impact their Medicaid eligibility. [9]

Background of the Ohio Benefits System

Initiated in 2013, the OB system is a centralized web-based database used to determine public benefits, such as Medicaid, child-care, food and cash assistance. The system replaced the Client Registry Information System Enhanced (CRIS-E), which was used for all Medicaid determinations.

Starting in August 2016, all Medicaid and CHIP eligibility determinations were made in the OB system. In July 2018 applications for the Supplemental Nutrition Assistance Program (SNAP) and Temporary Aid to Needy Families (TANF) began being processed in the system.

Moreover, the OB system was developed to meet the requirements of the Affordable Care Act (ACA), which mandated that states access and use electronic verification sources in determining eligibility before requiring paper documentation. The eligibility system includes worker portals, electronic beneficiary accounts, interfaces to verification data sources, and automated rules' engines. The OB system also allows Ohio's residents to apply for benefits online, in addition to options to apply by phone, or in person at their local county department of job and family services (CDJFS) office. [10]

Furthermore, counties accept applications, enter eligibility supporting documentation, verify or renew eligibility. The OB system is programmed with Ohio's eligibility requirements. Once the determination is made, the OB system uploads the eligibility information to process Medicaid

[6] State Auditor's Report on "Ohio's Medicaid Eligibility Determination Process," November 9, 2020, https://ohioauditor.gov/auditsearch/Reports/2020/Medicaid_Eligibility_117_Audit_Franklin_2020.pdf
[7] Ohio Department of Medicaid, 2021 Program Integrity Annual Report, https://medicaid.ohio.gov/static/Stakeholders%2C+Partners/ReportsandResearch/2022+02+04+Program+Integrity+Report+2020.pdf
[8] State Auditor's Report on "Ohio's Medicaid Eligibility Determination Process," November 9, 2020, https://ohioauditor.gov/auditsearch/Reports/2020/Medicaid_Eligibility_117_Audit_Franklin_2020.pdf
[9] Ibid
[10] Ibid

payments. [11] According to the State Auditor's report, the state has invested over $1.2 billion in the OB system. [12]

Overview of the State Auditor's Report on the Medicaid Eligibility Determination Process

As referenced above, the State Auditor's report on Ohio's Medicaid eligibility determination process was initiated in response to findings in prior state and federal audits. The audit covers the period from July 1, 2018 – June 30, 2019.

The State Auditor's initial focus pertained to testing the eligibility determination process at the CDJFS offices. The investigation also included how the OB system functions. The report indicated the OB system did not work properly and included inaccurate or missing data, which, at times, generated incorrect determinations, overpayments, and payments out of the wrong aid category.

In compiling the report, state auditors examined the following: (1) compliance with select requirements; (2) barriers in the enrollment process; (3) risk for inaccurate eligibility determinations; and (4) payments in correlation with eligibility.[13]

As far as the scope and methodology, the State Auditor's office selected 27 counties with a sample size of 324 individuals. The report used data collected during interviews with ODM, and the Ohio Department of Administrative Services (DAS) staff, as well as interviews with administrators, and caseworkers from 27 CDJFS offices. Also, Medicaid eligibility documentation for a sample of individuals in each of the selected counties, including secondary data sources was utilized. [14]

State Auditor's Report: Findings and Recommendations

Below is a summary of the State Auditor's findings and recommendations regarding Ohio's Medicaid Eligibility Determination process, which was provided to the members of the Public Assistance Benefits Accountability Task Force on June 28, 2022. [15]

Findings:

The following areas have been identified with the OB system, which include: (1) barriers to individuals obtaining benefits; (2) impacts on the county's ability to serve its individuals; and (3)

[11] Ibid
[12] Ibid
[13] Ibid
[14] Ibid
[15] State Auditor's office presentation, before the Public Assistance Benefits Accountability Task Force, on June 28, 2022, https://www.ohiosenate.gov/committees/public-assistance-benefits-accountability-task-force/document-archive

limitations on the state's ability to monitor this major program. Below is a description of the findings outlined in the report.

No Touch Applications

The OB system includes an automated no touch process for certain aid categories in which the system automatically attempts to electronically verify required elements. Increase in applications, and a decrease in no touch applications. Specifically, no touch applications shorten the process for the applicant, and lessen the workload for the counties. The report noted that 2 percent of applications were processed as no touch, leaving the majority of applications to be processed at the county level.

Ex parte Renewals

Total renewals increased, and ex parte renewal decreased. The OB system includes an ex parte renewal process that allows for eligibility to be verified using an electronic process, which eases the burden on the individual, and reduces workload of the county caseworkers. The rate of ex parte renewals decreased in FY 2019 from the prior year with approximately 21 percent being ex parte renewed. Specifically, in FY 2018 there were 185,233 ex parte renewals, while in FY 2019, there were 143,045.

Application Processing Time

The State Auditor's office reviewed the backlog data after being raised as an area of concern by CMS, which resulted in the agency requiring a CAP, which was submitted by ODM in January 2020.

The backlog refers to applications and renewals that are overdue, beyond the required timeframes for processing. According to CMS, Ohio was below the national average in the percentage of determinations completed in less than 24 hours in both FY 2018 and FY 2019. However, the state was higher than the national average for percent of determinations greater than 45 days for both years.

System Overrides

The OB system allows for data to be changed, and results to be overridden. The override is required to "force" the correct result when the OB system does not function accurately. The State Auditor's office noted after an override, the system generated updates did not process correctly, resulting in manual updates.

System overrides have increased over the past several fiscal years, as follows: 79,381 (2016); 170,274 (2017); 171,589 (2018); and 262, 122 (2019).

Helpdesk Tickets

A helpdesk system is available for counties to report issues with a case or with the functioning of the OB system. The helpdesk tracks the tickets.

A total of 65,200 tickets were submitted in FY 2019, an average of 5,433 per month. Of these, over 9,800 were due to password, access and/or log in errors. The number of tickets statewide is usually higher at the start of second, third and fourth quarters, with the months of October, January, and April having over 6,000 tickets each.

The OB system includes alerts that notify the counties of a potential change in an individual's circumstance that may impact Medicaid eligibility. However, the report noted that this control is not effective due to the number and duplication of the alerts being generated. For example, in FY 2019 there were approximately 11.8 million alerts. If alerts for SNAP and TANF are included, it was 17 million in FY 2019. Counties described alerts as time consuming, a low priority, out of control, and a never-ending cycle.

OB System Updates and Releases

Updates are made to the OB system to improve the functionality of the system. Many of these updates result in changes to how caseworkers process cases. In FY 2019 there were 654 changes to the OB system and these involved 533 changes in how caseworkers perform their work. In the previous fiscal year, there were 385 changes, which involved 316 changes that impacted caseworkers.

Accuracy of Eligibility Determinations

The audit report found 41 of the 324 Medicaid individuals tested (12.7 percent) were non-compliant. Of these, 16 individuals (4.9 percent) were determined to be ineligible to receive benefits during all or a portion of FY 2019.

These errors resulted in improper payments of $39,135 for those individuals. The state auditors determined the remaining 25 noncompliant cases were likely eligible based on subsequent renewals or other information. Further, applying the ineligible error rates found in each eligibility category, the report indicated that the potential loss to the program would be over $455 million.

Recommendations:

1. Redesign the alert process to be more effective and efficient, including a centralized evaluation of alert activity to prioritize the alerts.

2. Require mandatory training for all county caseworkers who are entering assistance group information into Ohio Benefits.

3. Regularly evaluate selected benefit payments to ensure they are accurate, made to eligible recipients, and are properly supported.

4. Collaborate with DAS to prioritize and implement program changes in Ohio Benefits which directly impact eligibility determinations.

5. Formalize interagency agreements to include roles and responsibilities of each agency to achieve program compliance.

6. Implement a data governance structure designed to ensure data quality and reliability for all users.

7. Evaluate current process for identifying duplicate recipient IDs, and deceased individuals, as well as make system enhancements to improve the process. [16]

The Ohio Department of Medicaid: Response and Progress

The sections below provide an overview of ODMs response and progress to the identified recommendations in the State Auditor's report. Specifically, ODMs presentation before the task force focused on three areas responding to the State Auditor's report: (1) system improvements; (2) monitoring and reporting; and (3) county training and engagement. [17]

System Improvements

OB Defects

ODM implemented a continuous improvement plan to reduce defects in the OB system. The plan included the following areas of the system:

- Renewals. Corrected defects related to system created renewal dates.
- Change reporting. Corrected defects to allow workers to process changes.
- Ohio Benefits Worker Portal. Corrected defects that deter application and prevent application processing.

ODM, DAS, and the Ohio Department of Job and Family Services (ODJFS), along with Accenture, the vendor for the OB system, categorized 1,500 defects and 500 enhancements into 13 priority areas. Between August 2019 and December 2020, nine releases fixed nearly 1,000 defects.

[16] State Auditor's Report on "Ohio's Medicaid Eligibility Determination Process," November 9, 2020, https://ohioauditor.gov/auditsearch/Reports/2020/Medicaid_Eligibility_117_Audit_Franklin_2020.pdf

[17] Ohio Department of Medicaid presentation, before the Public Assistance Benefits Accountability Task Force, on June 28, 2022, https://www.ohiosenate.gov/committees/public-assistance-benefits-accountability-task-force/document-archive

OB Enhancements

- Alerts. ODM worked with ODJFS to review every alert generated in OB, seeking to reduce unnecessary, duplicative, or unhelpful alerts sent to caseworkers. Alerts cut nearly in half.
- Ex Parte Renewals. Significant improvements to the ex parte renewal process to improve the accuracy and streamline the number of Medicaid renewals that occur in the system without county caseworker intervention.
- Overrides. Employed a system enhancement to require supervisor approval of worker overrides, a significant source of errors.
- Automation and Bots. ODM implemented intelligent process automation (Bots) to assist with processing eligibility for Deemed Newborns and updating eligibility for incarcerated individuals with the Department of Rehabilitation and Correction. Use of Bot technology reduces the amount of manual work for county case workers.
- Audio Signatures. Implemented enhancement allowing applicants to multiple programs to provide only one audio signature.

In addition, ODM noted the agency has engaged a vendor to perform an in-depth system assessment, documenting risks and providing recommendations.

Monitoring and Reporting

In January 2019, due to the application backlog, CMS issued a notification requiring ODM to implement a CAP. Since that time period, ODM has taken a series of corrective actions including working and engaging with state and county partners to address human errors, adding staff to provide technical assistance, increasing alert monitoring, and making improvements to the ex parte review process for renewals.

As of May 2022, ODM had 6,297 Medicaid applications pending for more than 45 days.

County Training and Engagement

A comprehensive ongoing training strategy has been developed by ODM to reduce repeat findings. The trainings are focused on working with caseworkers to address common errors through training sessions, webinars, and presentations, as well as educating new workers on TANF, SNAP, and Medicaid benefits.

Progress Report and Conclusion

Following the presentations by the State Auditor's office, and ODM, the task force discussed various state improvements, along with ongoing challenges, with the existing OB system.

The discussions pertained to the volume of alerts generated by the system, and the work that is required by county caseworkers to take action on each notification. County representatives on

the task force identified that it is not uncommon for the OB system to generate dozens, and in some cases hundreds, of alerts for the same case, when only one is necessary. For example, Hancock County identified 11,000 alerts for the county by the state, in one recent month. One case included 187 alerts that were duplicates, and required the county worker to open each one separately to clear it out of the system.

As co-chairs, we recognize the progress that has been made to address the issues identified by the task force members. At the same time, additional focus is needed to ensure the system is efficient, and effective in meeting the needs of the state's residents.

Based on the information provided in the sections above, the table below provides a current status update on the recommendations in the State Auditor's report on Medicaid eligibility that have been completed or are in the process of being completed. [18]

The Public Assistance Benefits Accountability Task Force welcomes the opportunity to continue working with the State Auditor's office, state agency leaders, and local officials, as well as stakeholders throughout the state, in continuing to track the progress of these important recommendations.

Auditor's Recommendation	**Status**
OB system – improve alerts	In progress
Joint new user trainings and regional long-term care training; improve training for caseworkers	Complete
Reducing and monitoring the backlog of applications and renewals	In progress
Addressing the lag in receiving applications from the marketplace and SS	Complete
Improving reporting to counties to aid in application processing	Complete
Increased staffing at ODM and funding to counties to address backlog	Complete
Reevaluate eligibility for individuals identified in review	Complete
Improve OB data governance	In progress
Identify best practices for county-administered Medicaid program	In progress

[18] Ibid