DHCS
TOBY DOUGLAS
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services

EDMUND G. BROWN JR.
GOVERNOR

July 14, 2014

Cindy Mann, Director
Center for Medicaid and CHIP Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

Dear Director Mann:

Thank you for your continued support of California's implementation of the Affordable Care Act (ACA) and the expansion of Medi-Cal. We are pleased with the tremendous consumer response to the ACA in California. We estimate that approximately 2.2 million additional individuals have enrolled in Medi-Cal as of the end of June 2014, bringing total program enrollment to 10.9 million.

Although processing for some applications has been delayed, addressing those pending cases has been a top priority for the Department of Health Care Services (DHCS), our county partners, and our automation teams. In December 2013, we identified a number of consumers waiting for coverage, so the state granted presumptive eligibility to 180,000 applicants. With the surge of applications in March, we redoubled our efforts and made policy and automation changes to expedite coverage and reduce processing time.

Collective state and county efforts to date have reduced the number of pending applicants from 900,000 in March to 600,000 at the end of June. We anticipate that the combination of efforts detailed in the attached plan will result in a further reduction of pending applicants to approximately 350,000 within six weeks. At that point we expect that the remaining applications will primarily be recently submitted (within 45 days), as well as a smaller number of cases that require intensive manual work due to data errors or missing information on the application.

This letter outlines the efforts and success of the state and our county partners, as well as our mitigation plan to resolve the outstanding issues identified in your letter of June 27, 2014. In general, three key factors have contributed to the delays in processing applications, and we have taken significant steps to address each of these factors.

Large volume of applications, particularly in March and April. Over 600,000 individuals submitted applications for Medi-Cal coverage in March 2014, well over twice the normal monthly number of Medi-Cal applicants. In addition, over 400,000 individuals submitted applications for Medi-Cal in April, which again is significantly higher than usual. While the state and counties worked together prior to October 2013, to ensure sufficient hiring and training statewide, the interaction of the application volume and the expedited system development and deployment of the California Healthcare Eligibility, Enrollment and Retention System (CalHEERS) caused delays in data processing, and required manual workarounds for certain cases. Additionally, many of the applications received since October have been duplicates, further compounding the processing delays. To address this significant volume, in late March DHCS removed the requirement for paper verification of state residency, instead allowing for the use of self-attestation, which expedited enrollment for hundreds of thousands of applicants.

Technology issues associated with a quick design and launch of CalHEERS, including the electronic Health Information Transfer (eHIT) interface. CalHEERS, including the eHIT interface component between CalHEERS and the county eligibility systems, collectively known as the Statewide Automated Welfare Systems (SAWS), was built in an expedited timeframe, and has successfully determined over 1.7 million individuals for Medi-Cal using the Modified Adjusted Gross Income (MAGI) eligibility rules. However, additional work is still needed to improve and complete certain system functionality. We have dedicated teams in all systems working to identify and fix defects, improve speed and transaction success, and enhance system design and functionality. Those teams are working collaboratively on solutions and have successfully identified workarounds and alternate processes for use until system defects are removed, developed desk aids for county workers, implemented automated "batch" processes that apply data fixes for certain types of verifications and expedite enrollment for applicants where income and other key information has been verified. This includes a weekly batch process to administratively verify residency for those with in-state addresses.

In addition, the final system design for CalHEERS and eHIT was informed by extensive discussions with the federal government to help ensure consistency with federal requirements and to address specific concerns, e.g., security, environments, project schedule and risks. The outcome of these discussions is reflected in the design document.

For consumers without coverage, the state enabled counties, leveraging existing manual processes, to expeditiously enroll individuals with immediate medical needs, and recently expanded the use of that process to any individual whose application cannot be completed due to technology issues. DHCS will also shortly begin sending letters to pending consumers, providing information about their options to access care until their application is processed, and how to contact their county to request the expedited process for immediate medical needs.

Duplicate cases and data entry errors from consumers using the self-service online portal. Many consumers entered applications themselves, without assistance, directly through the CalHEERS portal. Although many applications were complete and correct, a number of applications had errors due to misunderstanding of the MAGI rules, mis-keyed information, or missing information. Some applicants also submitted two or more applications, which resulted in additional work for counties to process and reconcile those applications. Approximately 10 percent of current MAGI applications, including those with enrolled or pending consumers, are duplicates.

To address this, we are in the process of adding new messaging for consumers on the self-service portal to encourage careful data entry and to avoid submitting duplicate applications. We are also working on automated processes to identify and remove duplicate applications.

Throughout our implementation of the ACA, DHCS has taken a multi-faceted approach to expedite coverage and address issues causing delays in application processing. Our efforts to address the three above issues are detailed in the attached plan and we will keep you updated on these efforts. We look forward to continued discussions and to sharing our progress, success and challenges as we continue to bring affordable health care coverage to our most vulnerable citizens.

Toby Douglas
Director

Enclosure

MITIGATION PLAN TO ADDRESS APPLICATION AND ENROLLMENT PROCESSING DELAYS

Executive Summary

The Department of Health Care Services (DHCS) has worked to implement the Affordable Care Act (ACA) since its enactment, beginning with our Section 1115 Bridge to Reform Waiver, to our January 1, 2014, Medi-Cal expansion, along with the new eligibility, enrollment, and retention rules. Approximately 2.2 million additional Modified Adjusted Gross Income (MAGI) beneficiaries have enrolled in Medi-Cal since January 1, 2014, and current total Medi-Cal enrollment through the end of June is projected to be 10.9 million, which has grown from 7.9 million in FY 2012-13, and is expected to increase to 11.5 million in 2015.

Since late 2013, California has had a robust contingency and mitigation plan for implementation of ACA. As described below, various actions have been considered and put into place in California, in March or even earlier. DHCS, working in close collaboration with Covered California and its partners, have had to balance priorities, such as system stabilization, defect resolution, and consumer experience, with capacity in implementing these actions.

Overall, our joint state and county efforts to address pending applications have resulted in a decline in the number of pending applicants from 900,000 in March to 600,000 at the end of June. The number of pending individuals continues to be a rolling number, as new applicants enter the system and those previously pended gain enrollment status. We anticipate that the combination of efforts detailed in the attached plan will result in a further reduction of pending applicants to approximately 350,000 within six weeks. At that point we expect that the remaining applications will primarily be recently submitted (within 45 days), as well as a smaller number of cases that require intensive manual work due to data errors or missing information on the application.

In the Centers for Medicare and Medicaid Services (CMS) letter dated June 27, 2014, CMS requested further information regarding four issues. Summary responses to those issues are provided below, and further details are provided in the body of the mitigation plan. Note that several items are interrelated, so there is some overlap for these issues in the descriptions and mitigation strategies in our plan.

1. **Defect fixes and upgrades to eHIT.**

   DHCS Response: DHCS has an ongoing process with all automation systems and county partners to identify, prioritize, and implement defect fixes and change requests for CalHEERS and SAWS, particularly those that affect eHIT. The department describes some of the more significant issues in detail below, and can develop a process with CMS staff to share further information as needed. DHCS has resolved several key issues, such as the Oracle technical configuration issue and infrastructure expansion, and will continue to work on error reduction and messaging to counties, as described below.

2. **Workarounds until the caching solution is in place for the Social Security Administration (SSA) verifications.**

DHCS Response: In addition to the caching solution, which is expected to be implemented in Fall 2014, several processes are underway to reduce the volume of CalHEERS transactions with the federal hub: eHIT error reduction and notification to county workers; guidance to workers to wait one day before resubmitting to the hub; and changes to DHCS' verification plan to allow administrative verifications for initial eligibility determination.

3. **Workarounds to proactively inform consumers who are in the backlog about how they can access care pending the issuance of their Medi-Cal cards.**

DHCS Response: In addition to the ongoing communication process, which DHCS has with its county, provider, and advocate partners, to inform consumers of ways to access care, the department plans to send a letter to consumers, who have been determined eligible, but are still pending issuance of their Medi-Cal cards. DHCS also anticipates executing batch processes in the next ten days that will result in a significant number of consumers being issued Medi-Cal cards. DHCS plans to issue the letter only to those pending consumers, who are not provided a Medi-Cal card in the batch process, to avoid consumer confusion.

4. **The timing of the change request and implementation of the automated residency verification in CalHEERS, and the timing for the manual work at the county level.**

DHCS Response: Automation of self-attestation of residency for MAGI Medi-Cal is planned for Release 7 in September 2014, to be active until the automated residency verification interface with the California Department of Motor Vehicles (DMV) is implemented. In the meantime, weekly batch runs to administratively verify residency will be conducted, and county eligibility workers will continue to administratively verify each case with an in-state address.

Regarding CMS's request for the number of consumers affected by each issue, DHCS has included information about the number of consumers impacted below; however, multiple issues and mitigation efforts apply to the same consumers, in some cases to multiple applications for the same consumers, or even to all consumers. Therefore, the number of consumers addressed by each mitigation effort will sum to more than the total pending applicants.

Summary of Total Medi-Cal Applicants in CalHEERS
Table 1 below provides a summary of the number of "de-duplicated," MAGI Medi-Cal applicants, pending applicants, as well as total MAGI Medi-Cal applicants, by month of application.

This table describes the large volume of applications and eligibility determinations received by, California Healthcare Eligibility, Enrollment and Retention System (CalHEERS), State Automated Welfare System (SAWS), and county eligibility workers over the past six months.

- Close to 1.9 million individuals have been determined eligible for MAGI Medi-Cal in CalHEERS and are enrolled in coverage, either as new applicants or as pre-ACA eligible beneficiaries converted to MAGI. Note: this figure excludes beneficiaries receiving coverage through the Cal Fresh "Express Lane" or Low Income Health Program initiatives.

- Applications or pre-ACA conversions for close to 2.9 million Medi-Cal consumers have been received by CalHEERS, either from the CoveredCA.com consumer portal or from counties via SAWS. All of these referrals for evaluation were sent to county human service agencies during a less than six month period, from mid-January to June. At least 10 percent of these referrals were duplicates.

Table 1: Volume of Medi-Cal Applications Processed through CalHEERS and eHIT

	Month of Application/MAGI Submission, Status as of June 30, 2014									
	Oct	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**June**	**Total**
Unique "De-Duplicated" Medi-Cal Applicants Pending Coverage	4,000	6,000	59,000	94,000	69,000	206,000	102,000	42,000	34,000	**616,000**
Unique "De-Duplicated" MAGI Medi-Cal individuals enrolled in coverage (includes new applicants and pre-ACA consumers with change in circumstance)	53,000	78,000	243,000	295,000	192,000	407,000	294,000	206,000	100,000	**1,868,000**
Total number of Medi-Cal applicants or pre-ACA change of circumstance, including duplicate applications, sent to or from CalHEERS to SAWS	68,000	101,000	372,000	442,000	302,000	643,000	456,000	260,000	221,000	**2,865,000**

Key Issues and Mitigation Strategies

1. Technology

The CalHEERS system, overseen jointly by the two project sponsors, DHCS and Covered California, was deployed on October 1, 2013, after an aggressive development and implementation timeframe. A number of functional improvements have been implemented since October, and additional improvements will be ongoing for several months. Significant issues noted below include improvements to verifications, infrastructure/capacity, file clearance, and the eHIT interface to the SAWS systems.

A. CalHEERS Functionality

As noted below, DHCS has taken a number of steps to mitigate the impact to consumers and address pending applications. Most immediately, DHCS will continue automated "batch" processes to enroll consumers and apply data fixes for certain types of verifications. In recent weeks, these batch processes have helped over 140,000 individual applicants. This is in addition to the hundreds of thousands of applications processed directly by counties in the last month. DHCS continues to work closely with counties to share data and identify outstanding issues and expedited solutions.

Risk Mitigation Strategies

October 2013: Ongoing diagnosis and monitoring:

- Commenced daily county operations call to help identify issues and to give policy guidance; specific guidance includes:
  - ACA Guidance– Medi-Cal Eligibility Division Informational Letter (MEDIL) 14-02 includes policy guidance on processing pended CalHEERS applications, leveraging ex parte processes for pended applications and state residency verification.
  - System Workarounds and Overrides – MEDIL 14-11 includes policy guidance on how to handle immediate medical needs, new/unknown defects, citizenship/immigration status, discontinuances, add a person and deemed infants.
  - Application Processing Priorities – MEDIL 14-14 includes policy guidance on application processing priorities, performance standards.
- Ongoing, multiple daily calls and meetings among state and county automation system and program staff.
  - Development of watch lists with key areas of functionality that needed to be addressed, daily meetings with key program policy and technical staff diagnosing issues – these efforts resulted in the identification of numerous change requests (CR) and defects requiring system fixes that have been deployed in several key releases (Releases 3 and 4, specifically, with applicable sub releases).
    - Release 3.3 (March 2014): key features included design for effective dating to correctly display effective months of coverage with corresponding notice of action, which is the required beneficiary notification for eligibility determinations; and functionality to execute Medi-Cal Eligibility Data System (MEDS) transactions from CalHEERS for purposes of sending application updates to MEDS to help ensure SAWS and

CalHEERS are in sync. Defect fixes included correct notice of action language for effective months of coverage, and correct transmission of eligibility results via eHIT.

- Release 4.0.0 (May 2014): executed deployment of electronic verification for residency through interfaces with the California Franchise Tax Board (FTB), MEDS, and functionality to address ongoing issues with client identification numbers, to increase positive returns of these numbers and to minimize duplicates.
- Release 4.3 and 4.4 (June 2014): additional enhancements for electronic verifications of residency for children; improvements with income display and clarifications regarding income deductions and income type.
- August –October 2014 (Releases 6 - 8): Deploy various DHCS policy CRs and baseline functionality, including negative action functionality (CR #7900), begin and end date of income (CR #9202), projected annual/reasonably predicted future changes (CR #3161/3162), MAGI renewal functions, and updates to the Single Streamlined Application.

B. Infrastructure Expansion

CalHEERS infrastructure expansions are expected to prevent future delays in MAGI Medi-Cal determinations, by maintaining sufficient capacity to support both the consumer portal and county eligibility workers' application processing needs. This will enable CalHEERS to avoid redirecting capacity away from the county functionality, i.e., eHITm, to support the consumer portal during open enrollment.

During the 2014 open enrollment period, the incoming enrollments per hour volume for CalHEERS was four times its system capacity. This resulted in reduced performance for county eligibility workers accessing the system at the same time, as capacity was redirected away from eHIT to support online consumer applications. Because of this high volume, CalHEERS is going to expand hardware infrastructure capacity for the 2015 enrollment period to be able to support the anticipated levels for both sets of users. The projected workload system capacities for 2015 are shown in Table 2 on the next page.

Table 2: 2015 CalHEERS Projected Workload Capacities

CalHEERS Workload	Initial Sizing	Experienced at Peak	Expansion Capacity
Enrollments/hr.	1,000	≈4,000	≈12,000
eHIT Transactions Processed/hr.	Not specified	9,986	≈30,000
Concurrent Logged in Users	12,000	10,591 (3x higher page views/person vs. Initial)	≈23,500 (3x higher page views/person vs Initial)
Concurrent Anonymous Users	1,000	28,642	≈30,000
Page view/hr.	570,000	1,458,266	≈3,375,000

CalHEERS expansion IT components consist of hardware, software, memory, and additional computer system upgrades to ensure capacity to meet the new system volume projections. High-level technical details of the implementation are:

- New content delivery network solution to support high-volume rendering of static web pages;
- New load balancers to handle the increased volume of Web traffic;
- Additional virtual servers to increase backend capacity to handle high transaction volumes;
- Additional database capacity to handle increased health care enrollments; and
- Additional network bandwidth to handle increased traffic volumes.

C. Verification Issues

Several issues have resulted in a significant number of applications being delayed or pending due to lack of electronic verification of state residency or income. These issues include delays in launching the remaining electronic verification sources for state residency; federal concerns with the use of administratively verified data for initial eligibility determinations; federal hub down time; and the need for eHIT schema updates. Over the past nine months, these issues have affected a majority of Med-Cal applicants to some degree. These collective verification issues have also led to inefficiencies and the need to handle cases more than once by county eligibility workers. Further, these issues have resulted in increased volume of CalHEERS transactions with the federal hub.

Risk Mitigation Strategies:
Key efforts to address verification issues and reduce hub volume include permitting self-attestation of state residency until electronic verifications are in place, implementing regular batch processes to administratively verify residency, changes to maintain (cache) previous verifications on file, additional sources for electronic verification of residency, changes to the state's verification plan to allow the use administratively verified information more often, and re-running applicants against the federal hub when income or other elements could not be verified due to federal hub down time.

As of the end of June, there were approximately 350,000 individuals pending eligibility and without coverage due to one or more verifications outstanding, with most pending for lack of income verification. Note: some of the individuals pending for income verification will be denied once the negative action workaround or interim solution is implemented, e.g., not all pending cases are below the MAGI income threshold.

- January 2014: Initiated policy guidance which remains ongoing; specific guidance includes:
  - ACA Guidance - MEDIL 14-02
  - Verifications Desk Aid – CalHEERS Information Transmittals (CIT) 0103-14 and 0106-14
- March 2014: Implemented self-attestation of residency to relieve the use of paper verifications for this eligibility component until May 1, 2014, and subsequently extended to August 1, 2014.
- April 2014: pursuant to Release 4.0.0, functionality deployed to conduct electronic verifications for residency using FTB and MEDS; future releases will include an interface with DMV and the Employment Development Department to electronically verify residency – this is planned for fall 2014.
- May 2014: County workers are advised to wait one day for a response before resubmitting a pending case through eHIT, to mitigate eHIT and federal hub volume.
- May 2014: Initiated first of several planned batch processes for selected cases pending verifications; will be an ongoing process.
- June 13, 2014: Administrative verification job aids released for county eligibility workers.
- June 22, 2014: Release 4.4, which included pended negative active functionality, automated residency verification through FTB and MEDS for children, solutions for addressing income deductions and type of income.
- July 2014: Regular batch processes will be scheduled to retrigger hub verification for those whose income was not verified due to federal hub down time.
- Automation of self-attestation of residency (CR #10102) for MAGI Medi-Cal is planned for Release 7 in September 2014. In the meantime, weekly batch runs to administratively verify residency will be conducted.

Highlights from batch processes to date:

- Processed residency (includes re-runs for federal hub down) in late May/early June - resulted in changing 17,500 (75 percent) of 23,400 individuals previously pending to eligible;
- Processed incarceration verification in mid-June - resulted in changing 59,400 (88 percent) of 67,600 individuals previously pending to eligible; and
- Processed recent residency and federal hub down in late June – resulted in changing 8,088 (72 percent) of the 11,366 individuals previously pending to eligible.
- Fall 2014: Deploy (CR 9497) for caching verifications. CalHEERS currently requests and receives verification data through the Federal Data Services Hub and state based verification services for every eligibility determination, regardless of previous electronic or manual verification. The update for caching verifications will allow CalHEERS to store verification data for future use, and make use of the stored verifications instead of making additional calls to the federal or state based verification services. This change is expected to significantly reduce CalHEERS calls to the federal hub.

D. Case Finalization and File Clearance:

Due to the verification issues noted above, as well as other factors, a number of individuals have pended due to issues with case finalization and file clearance, a process of final eligibility determination for all members of a household, in which a unique identification number is established in the state system, and transmitting those individuals, with the unique number, to MEDS for generation of a Medi-Cal identification card and managed care enrollment. For successful file clearance, all members of the household must be dispositioned with the correct initial month of aid, duplicate applications resolved, and those eligible must have a unique identification number.

If some members are pending verification, or there is a data error or missing information preventing the establishment of a unique identification number for each eligible household member, then none of the members of the household can normally be transmitted to MEDS. File clearance is part of the work effort the county undertakes in their normal course of work relative to eligibility determinations.

In many cases currently pending, there are some individuals within the case, who are MAGI eligible and have a unique identification number, and others in the case, who are either pending verification of some kind, or require additional manual efforts to identify the individual and establish a unique number. In many cases, duplicate applications exist.

File clearance and the work undertaken by county staff to resolve verifications, identification numbers, and duplicate applications can occur in as little as ten minutes time or several hours or more to resolve depending on the level of complexity of the identified issue(s). Some issues may require additional work in the state database, MEDS, which are not real time and can sometimes take days to process due to system functionality.

In addition to typical file clearance processes, when CalHEERS was first launched, a design issue caused the duplication of records. This issue has since been fixed in order to prevent more duplication; however, the original duplicate records remain and the necessary changes in CalHEERS that will allow staff to fully fix these records are not yet programmed.

Risk Mitigation Strategies:
Given the volume of cases to date, it is estimated that fully completing a disposition for all of the duplicated records will take several months after the necessary CalHEERS functionality is in place. This is also predicated on the number of county staff that could be dedicated full time to this effort. DHCS is working with large counties to implement batch processes to provide coverage for as many individuals as possible, while minimizing the risk of putting erroneous data into MEDS.

Ongoing analysis of duplicate applications is also underway, including strategies to identify and reduce duplicate applications, and review of the extent to which batch processes can be deployed to address this issue. In addition, the state is preparing to implement the automated Remote Identity Proofing in August, which will help improve the accuracy of initial data entry and potentially reduce duplicates for new applications, as well as reduce the number of cases that are difficult/complex to process and resolve.

- Eligible in CalHEERS, but not in MEDS - affects up to 240,000 individuals:
  - Efforts are underway to send CalHEERS HX20 (create eligibility) transactions to MEDS, if a CalHEERS Determination of Eligibility Results (DER) was sent to SAWS (up to 240,000). DHCS and CalHEERS sent case list reports to several large counties, to validate for HX20 transactions. Counties have confirmed that a significant number of the cases can be sent to MEDS, and indicated that some cases are additional duplicate applications not previously identified. Initial HX20 test transactions for this list are scheduled for the week of July 14, and if the tests are successful then large numbers of individuals on this list will be sent to MEDS via HX20.
  - For those categories missing the client index number, or with a MEDS alert/reject that cannot be resolved through an automated solution, case lists will be sent to counties for the eligibility workers to resolve.
  - CR #7536 will create the ability for CalHEERS to send the HX18 (create application) and HX 20 (create eligibility) transactions to MEDS – this CR is slated for deployment with Release 6.
  - Automated "batch" processes will continue to be implemented in the coming weeks, to apply data fixes for certain types of verifications, and to expedite enrollment for applicants where income and other key information has been verified.

E. eHIT issues
The eHIT interface between CalHEERS and SAWS is a significant component of the state's design for implementation of MAGI Medi-Cal rules and electronic verification. eHIT was launched on January 22, 2014, and includes both real-time WEB services and scheduled batch processes.

The major eHIT issues experienced to date have been downtime for eHIT due to technical component/configuration issues; the erring off and timing out of system transactions when sent through eHIT due to volume and performance constraints, including delayed responses when transactions are sent through the interface; no formal communication of error messaging back to county eligibility workers on transactions that were unable to be processed through the interface, thus resulting in repeated requests triggering multiple transitions for the same case; and, incorrect or missing months of eligibility.

Risk Mitigation Strategies:
Strategies to address these issues have included identification and deployment of needed fixes for CalHEERS and SAWS, correction of the Oracle technical configurations issue, error reduction and messaging to counties, reallocating and adding servers to help address system performance capacity (as described above under "Infrastructure Expansion"), and adding data elements to the interface.

The eHIT improvements will affect all new applicants as well as pending applicants. In particular, the most immediate impact of reducing key eHIT errors is anticipated to reduce the number of pending applicants by a range of 50,000 – 100,000 over the coming weeks. In addition, the eHIT schema update is necessary to support the next open enrollment period, as well as 2015 renewals.

January 2014: Ongoing diagnosis and monitoring:

- Commenced daily county operations call to help identify issues and to give policy guidance.
- Ongoing, multiple daily calls and meetings among state and county automation system and program staff.
    - Development of watch lists with key areas of functionality and coordination across CalHEERS, MEDS, and SAWS.
    - Release 3.3 (March 2014): key features included design for effective dating to correctly display effective months of coverage with corresponding notice of action, which is the required beneficiary notification for eligibility determinations.
- April 2014 and ongoing: commenced onsite county visits to further diagnose CalHEERS and eHIT issues; visits included Los Angeles, Fresno, Stanislaus, San Francisco, Riverside, San Bernardino, and Sacramento counties.
    - Instituted daily reports of eHIT performance; deployed needed system patches to stabilize system due to system performance in which transactions error out and/or result in protracted timelines for responses.
    - April and May 2014, Oracle Technical Configuration Issue: CalHEERS experienced a recurring issue that forced the system to suspend Medi-Cal processing on several days with timeframes ranging from a few minutes to many hours. The issue was tracked to a product defect within one of the Oracle products used in the CalHEERS solution. Accenture worked with a specialty team at Oracle to identify product bug fixes ("patches") to resolve the issue, and after the application of several patches over approximately a

month, the issue was successfully resolved.
March 2014 and ongoing, efforts to reduce eHIT errors. Transactions from CalHEERS to SAWS (DER's), and from SAWS to CalHEERS (EDR's) have erred out at varying levels since the initial launch of eHIT. As corrections have been made to both CalHEERS and SAWS, error rates have declined significantly, although with new releases of additional functionality, eHIT error rates may temporarily increase until corrections are made to address the additional issues that arise.

In early July 2014, the eHIT error rate for EDR's ranged from 10 to 20 percent per day, and average processing time ranged from less than one minute to several hours per transaction. Error rates and transaction time vary by consortia and by day. Continued efforts on this issue will result in reduced transactions between CalHEERS and the federal hub, since transactions that error out are sometimes re-sent by eligibility workers.

To continue eHIT improvements and reduce errors, teams from all systems work together daily through email as well as during set weekly meetings. Automation teams have weekly detailed series meetings on errors encountered in the interface, discussing unique occurrences encountered. The discussion results in a lead entity taking action and targeting resolution.

For next steps, two concurrent activities:

1) CalHEERS is resolving a set of defects that are specific to Error-Internals, essentially runtime errors. These resolutions will move these occurrences into the Error Validation category. Generally, this occurs when the case has data that do not adhere to the systems constraints, and not just to the interface.
2) At the same time, SAWS has identified Error-Validations that they need to resolve. They are working to resolve these to decrease the Error-Validations encountered. Changes necessary for SAWS include several issues that are expected to result in significant improvements in error rates in future weeks.

For recent progress, CalHEERS has implemented mitigation sweeps to help with Cancelled EDRs and reprocessing for certain errors. CalHEERS also provides samples and materials on the errors encountered, so SAWS has the most recent information.

There are separate DER reports specific to developers and monitoring personnel. Some DER errors are occurring and are being resolved, but these occur less frequently than EDR errors. As DER errors are resolved, CalHEERS processes these on-demand.

CalHEERS and SAWS are working on a process to develop reports and information for counties and eligibility workers that indicate which transactions have erred out, and the reason(s) for the error. This error reporting is expected to be implemented in August 2014.

- Fall 2014, CR #7381 eHIT version 2.9 Schema Changes. The eHIT "schema" defines the data elements and values used for messaging between SAWS and CalHEERS. Although the current eHIT schema provides the data elements needed for most applications, some workarounds for certain types of applications are needed until the eHIT schema is updated. Schema changes scheduled for fall 2014 will include additional and revised data elements, such as additional citizenship and immigration document types, and additional income types, documents, and sources. The eHIT schema update will be needed to prevent future delays for Medi-Cal applicants in the next open enrollment period, as well as for the 2015 renewal process, which is scheduled to begin ex parte reviews in fall 2014.

F. Negative Action Functionality

Negative action programming is the functionality to deny new Medi-Cal applications or discontinue existing Medi-Cal cases. The project has delayed the release of this functionality, due to unanticipated impacts on months of eligibility for Medi-Cal cases with TANF and SNAP benefits, and a gap in the consumer noticing for Medi-Cal.

Risk Mitigation Strategies:

An interim solution is being tested, which is anticipated to be included in Release 6 in August. This interim solution would require guidance to counties regarding specific procedures to ensure the consumer noticing and effective dates are correctly implemented for any negative action. In addition, workarounds have been identified and implemented in some cases to deny applications.

The long-term approach to implement negative actions with a full automatic reconciliation between CalHEERS, MEDS, and SAWS will require a significant change in either CalHEERS or SAWS, or changes to both systems. Implementation of the long-term solution will require several months for full implementation and testing. The state is reviewing the potential design options, and will determine and prioritize an approach in several weeks, with anticipated implementation in winter or spring 2015.

- March 2014: Discussions initiated for policy development and design with goal to implement in May 2014.
- March 2014: Requested approval from CMS to extend the delay of annual renewals for another two months for a total of five months; also actively working with CMS on an alternative renewal plan for renewals that were to commence June 2014.
- June 2014, negative action functionality in Release 4.4 placed on hold pending further discussions on long term solution.
- July 2014, workaround process for denial of applications will be documented and shared with all counties.
- Interim negative action function is scheduled for Release 6 (August 2014). As warranted, DHCS will develop needed policy guidance and workarounds for county eligibility workers for the interim solution.

Estimated number of impacted individuals: An estimated five percent of pending applicants, or roughly 30,000 individuals, will be denied once negative action functionality is implemented. Historically, an estimated 16 percent of renewals are discontinued each month, with the vast majority discontinued due to noncompliance.

2. Mitigate Consumer Impact

In addition to the efforts above to adjudicate cases and effectuate coverage as quickly as possible, the state and counties have implemented several additional mitigation strategies, and others are underway.

- Fall 2013: Initiated series of policy guidance documents regarding the pending cases, prioritization of case processing through the county eligibility systems and CalHEERS including making available various list to help assist the county staff with workload. Lists were designed to help counties prioritize working cases based on dates of application submission and to give a sense of volume of pending cases.
- December 2013: DHCS used presumptive eligibility and granted aid to approximately 180,000 applicants, with coverage effective January 1, 2014.

Guidance released to county staff regarding the steps the state was taking to grant eligibility using presumptive eligibility provisions (All County Welfare Directors Letter [ACWDL] 13-14). Instructions included steps on notifications to beneficiaries including welcome letters to beneficiaries, issuance of beneficiary identification cards, posting of Frequently Asked Questions on DHCS' internet and sharing broadly of this information with stakeholders through DHCS' Stakeholder Newsletter updates (listserv of several thousand entities including consumer advocates, health plans, providers, consumers, legislative staff) and sharing of such information at various stakeholder meetings regarding a broad spectrum of interested parties (consumer advocates, provider groups including representatives of health plans, clinics, hospitals, physicians, and county representatives).

- July 2014: DHCS will be taking the following actions:
  - Issuance of MEDIL I14-36 to authorize counties to expand online MEDS transactions to address certain types of pending cases and to expedite coverage into MEDS.
  - Development of a letter to consumers to provide guidance and notice to them of options for expedited enrollment while awaiting their final eligibility determination. Those in need of immediate health care will be directed to go to hospitals for emergencies. This letter will include contacts for county human services agencies as well.
  - Establishment of a dedicated contact within DHCS' Eligibility Division to serve as a liaison for consumer advocates when an advocate indicates a consumer needs assistance with an eligibility related issue and the standard county channels to address the issue cannot resolve the situation.
  - Adding new messaging for consumers on the online portal about careful data entry and how to avoid duplicate application submissions. SAWS are also developing duplication tracking tools to help county eligibility workers sort through the multiple applications and to identify applications to be denied.