STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY

GRAY DAVIS, Governor

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April 5, 2001

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons
All County Health Executives
All County Mental Health Directors

Letter No.: 01-23

MEDI-CAL ELIGIBILITY QUALITY CONTROL (MEQC) GEOGRAPHIC SAMPLING PLAN (GSP) PILOT PROJECT

The purpose of this letter is to inform counties of the Health Care Financing Administration (HCFA) approved extension of the GSP pilot project. The renewed GSP authorizes the Department of Health Services (DHS) to continue conducting geographic sampling of Medi-Cal Assistance Only (MAO) cases. The initial pilot was implemented on July 1, 1999, and was extended effective July 1, 2000, for the fiscal year (FY) 2000/2001. This All County Welfare Directors letter provides information on the latest extension, which is effective July 1, 2001, for FY 2001/2002.

BACKGROUND

Prior to approval of the GSP pilot project, MEQC reviewed a random sample of MAO cases for all 58 counties. The number of MEQC case reviews selected for each county was proportionate to its share of the statewide MAO beneficiary population. Because of this, small counties had limited numbers of cases reviewed annually. These minimal numbers of case reviews did not accurately reflect the performance of these counties in determining Medi-Cal eligibility. Under the renewed GSP, this revised sampling strategy provides for MEQC case reviews in the 25 large counties in terms of MAO population. In addition, Periodic Case Reviews (PCRs) of at least ten cases will be conducted in each of the small counties. This sampling strategy should minimize travel time and costs, increase MEQC efficiency, and enhance the accuracy and usefulness of county reports. In consideration of the GSP, the state agrees to maintain the level of MEQC effort.

GEOGRAPHIC SAMPLING PILOT PROJECT

Based on the 2001/2002 GSP, MEQC case reviews will be conducted in the 25 large counties which comprise approximately 94 percent of the statewide MAO population. Continuation of the pilot allows the state to conduct PCRs of the 33 small counties. The PCRs will provide more efficient and accurate case sample information for the small counties. As a result of the extension of the GSP pilot project, the annual number of MEQC case reviews will increase to approximately 3,000. As this will provide more

MEQC data, it should ensure more accurate measurement of state and county performance in the MAO program as well as suggesting possible focused review (FR) issues.

Enclosed for your information is a chart of California counties by MAO population size. The chart reflects the MAO population for the January 2001 month of eligibility. The 33 small and 25 large counties are identified as well as the MAO numbers for each county.

In the initial phase of the GSP pilot project, the Program Review Section (PRS) is reviewing ten randomly selected cases for each of the 33 small counties. This phase will be completed by August 2001. MEQC staff is not doing home visits or third party verifications during the initial phase of the PCRs. However, MEQC staff continues to run Income and Eligibility Verification System and Medi-Cal Eligibility Data System matches for the cases reviewed. This initial phase of the PCRs provides for enhanced MEQC coverage of small county MAO eligibility efforts and also provides criteria for future PCR prioritizations. This initial limited-scope of PCRs will be followed by more detailed and focused sampling reviews. Subsequently, 10 to 50 cases will be reviewed for the next phase of PCRs utilizing a matrix which will include the following:

- MAO population in the county
- Results of prior PCRs
- Loss potential
- Prior MEQC and FR activity

The findings for the initial PCR are being reported to each county in a summary report. The findings are for the county's information and consideration.

HCFA's approval of the GSP pilot project freezes the MEQC dollar error rate for the State of California at 0.63 percent. This percent is the computed dollar error rate for FY 1997, the most recently completed MEQC period prior to the inception of the GSP pilot project. The terms of the GSP pilot project preclude MEQC fiscal repercussions or sanctions for the duration of the pilot project.

As a part of the extension effective July 1, 2001, the dollar threshold level for a citable Medi-Cal error will increase from the current $100 to $250. Any discrepancy in the

share of cost which is below $250 will be reported as a procedural error, not a citable error. This increase will allow both PRS and county Medi-Cal program staff to focus attention on significant dollar issues. However, all MEQC findings will continue to be reported to the counties for corrective action where appropriate, including dollar discrepancies of less than $250.

DHS provides an annual report to HCFA on the findings of the MEQC pilot project. We anticipate that the pilot will be renewed annually and will continue for an indefinite period of time.

ACCOMPLISHMENTS

Under the GSP pilot project thus far, PRS has achieved the following accomplishments:

- Due to refinements in the MEQC review process, the number of MEQC case reviews have increased from 1,500 annually in 1998/1999 to an estimated 3,000 MEQC case reviews in 2001/2002.
- Much more reliable data concerning error trends has resulted from only doing MEQC reviews in the 25 large counties.
- Coverage of the small counties has increased from as few as one or two cases annually to a minimum of ten cases as part of the PCR process.
- The dollar error threshold has increased from $5, which had been in effect since at least 1979 to June 30, 1999, to $250 effective July 1, 2001.

SUMMARY

In addition to the random samples for the 25 large counties, the use of PCRs for the 33 small counties will increase efficiency and use of MEQC staff time and enhance accuracy of reported findings. DHS is confident the extension of the pilot project effective July 1, 2001, will continue to provide counties with more complete MEQC information and assist in our common quest for excellence in the Medi-Cal eligibility determination process.

If you have any questions, please contact Mr. John Lim of my staff at (415) 904-9702.

Sincerely,

ORIGINAL SIGNED BY

SHAR SCHROEPFER, Chief
Medi-Cal Eligibility Branch

Enclosure

Enclosure I

PROPOSED GSP LARGE AND SMALL COUNTIES FOR APRIL 2001 THROUGH SEPTEMBER 2001 OCTOBER 2001 THROUGH MARCH 2002 SAMPLES

25 Large Counties
(94% of the Statewide MAO Population)

Los Angeles	738,290
Orange	102,826
San Diego	77,188
San Bernardino	69,766
Fresno	63,898
Riverside	55,243
Sacramento	55,146
Santa Clara	54,354
Kern	46,499
Tulare	36,783
Alameda	36,485
Ventura	34,967
San Francisco	32,765
Stanislaus	30,616
San Joaquin	27,284
Contra Costa	24,587
Santa Barbara	22,519
Monterey	22,437
Merced	19,688
San Mateo	16,556
Solano	13,440
Sonoma	13,350
Imperial	13,209
Butte	11,671
Santa Cruz	9,857
	1,629,424

33 Small Counties
(6% of the Statewide MAO Population)

Kings	9,174
Shasta	8,410
San Luis Obispo	8,387
Yolo	7,117
Madera	6,821
Humboldt	6,144
Sutter	5,193
Placer	4,544
Mendocino	4,338
Napa	3,954
El Dorado	3,785
Marin	3,561
Yuba	3,110
Tehama	3,019
Lake	2,684
Nevada	2,260
Siskiyou	2,235
Tuolumne	1,842
San Benito	1,820
Colusa	1,744
Del Norte	1,727
Glenn	1,506
Calaveras	1,499
Lassen	1,195
Inyo	1,006
Amador	980
Plumas	894
Mariposa	702
Modoc	601
Trinity	555
Mono	243
Sierra	117
Alpine	61
	101,228

Data from January 2001 *Medi-Cal Beneficiary Count Report*