STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

September 4, 1984

TO: All County Welfare Directors

Letter No. 35

REPORT ON QUALITY CONTROL (QC) ERRORS FOR THE OCTOBER 1982 - MARCH 1983 AND APRIL - SEPTEMBER 1983 REVIEW PERIODS

The purpose of this letter is to transmit the following information and to request any suggestions from county staff regarding potential statewide corrective action initiatives.

- Analysis of Medi-Cal QC Findings and Federal Tables for the October 1982 - March 1983 review period.
- Analysis of Medi-Cal QC Findings and Federal Tables for April - September 1983 review period.
- Review of QC errors for the October 1982 - March 1983 and for the April - September 1983 review periods.

Analysis of Medi-Cal QC Findings and Federal Tables for the October 1982 - March 1983 and for the April - September 1983 Review Periods

Attachments 1 and 2 provide the Department of Health Services' (DHS) Audits and Investigation Division's in-depth analysis of the QC errors identified during these two periods, together with the pertinent Federal Tables. They serve as one of the bases for the Department's "California Quality Control and Corrective Action Report for the Medicaid Program" which will be submitted to the federal Health Care Financing Administration (HCFA) in August 1984. Counties were sent county specific error data for the April - September 1983 review period in July, 1984.

The Department is required to send HCFA specific data in a defined format on Medicaid QC errors semi-annually. Only those Federal Tables which are of interest for Medi-Cal program purposes are included with the analyses for your information. The tables dealing with the AFDC strata as well as those dealing with claims processing and third party liability errors, have been omitted.

Please note that on those tables dealing with case errors for the October 1982 - March 1983 review period, all incidents of error are identified. Thus, it is not possible to identify primary vs. secondary case errors from these tables. However, for the April - September 1983 review period, those tables dealing with case errors identify only primary error, not all incidents of error. Case error incidents are identified in Audits and Investigations Division's Analysis of Medi-Cal QC Findings (Attachment 2).

HCFA required the Department to begin using the Integrated Review Schedule (now also used by AFDC and Food Stamp QC) for the October 1982 - March 1983 review period. The new Tables III A.1, .2 and .3 and III B.1, .2 and .3 are of particular importance because they provide a detailed breakdown of total case and dollar error as well as the relative cost impact of agency and beneficiary error. This information is very useful for corrective action planning.

Review of QC Errors for the October 1982 - March 1983 Review Period

A. Overview

State QC staff completed reviews on a total of 875 Medi-Cal Only cases. A total of 138 cases contained 195 errors for a case error rate of 15.77 percent. The state determined payment error rate was 1.89 percent with $5,943 in erroneous payments made out of a total of $313,968 in claims paid. Application of the results of federal re-reviews through the QC regression formula produced a final payment error rate of 1.1 percent.

Errors in several of the areas which have caused major problems in the past, such as deprivation and living arrangement, were significantly reduced.

B. Source of Errors

1. Agency Error:

The county agency was responsible for approximately one-half of the misspent dollars, and over 60 percent of case error incidents.

Almost three-fourths of agency errors were caused by county failure to act. This category includes failing to follow-up on impending changes, disregarding or not applying information, etc. Less than ten percent of payment errors were caused by the failure of workers to know or to follow correct policy.

While the failure of several counties to implement timely the regulation changes repealing the special income deduction and revising the maintenance need standards did contribute to the errors in this category, "failure to act" remains a constant cause of errors. It is important that counties review their own operations and devise procedures which will reduce this problem.

2. Beneficiary Errors:

Beneficiaries continue to cause about one-half of all misspent dollars. In this review period, they were responsible for approximately 40 percent of case error incidents. Failure to report changes in circumstances, especially in income, accounted for almost 90 percent of beneficiary errors.

Table 1 provides a summary of case and dollar error for pertinent error elements for the October 1982 - March 1983 QC review period.

Review of QC Errors for the April - September 1983 Review Period

A. Overview

State QC staff completed reviews on a total of 910 Medi-Cal Only cases. A total of 99 cases contained 131 errors. The state determined payment error rate was 3.37 percent with $9733 in erroneous payments made out of $288,528 in claims paid. However, Other Real Property errors attributed to the State accounted for 1.79 percent of the payment error. The remaining 1.58 is attributed to county/beneficiary error. The federally determined payment error rate is expected to be approximately 4.3 percent.

The Department's position is that case error rates more correctly identify how accurately counties are determining Medi-Cal eligibility and share of cost. Over the past seven review periods, (October 1979 - March 1983) the case error rate has ranged between 14.76 and 21.39 percent, with an average rate of 16.65 percent. During the April - September 1983 review period, the case error rate decreased over one-third to 10.88 percent (10 percent when the eight Other Real Property errors attributed to the State are removed). This significant improvement indicates that county welfare departments are making praiseworthy efforts to reduce errors in the Medi-Cal program.

B. Source of Errors

1. Agency Error:

The county agency was responsible for nearly 50 percent of all incidents of case error, and slightly over 50 percent of misspent dollars, excluding Other Real Property errors attributed to the State.

Over seventy percent of agency caused case error was caused by county failure to act. (See Attachment 2, page 22). This figure excludes Other Real Property errors attributed to the State. Since errors caused by failure to act are entirely within the control of counties, effective action in this area should dramatically reduce the case error rate, thus reducing the potential for federal sanctions.

2. Beneficiary Error

In this review period, beneficiaries were responsible for about half of both misspent dollars and case error incidents. Failure to report changes in circumstances accounted for 80 percent of beneficiary caused case error incidents.

Table 2 provides a summary of case and dollar errors for pertinent error elements for the April - September 1983 QC review period, including the Other Real Property case and dollar errors attributed to the State.

Table 3 provides a summary of case and dollar errors for pertinent error elements for the April - September 1983 QC review period, excluding the Other Real Property case and dollar errors attributed to the State.

County Suggestions for Statewide Corrective Actions

Federal guidelines for an acceptable corrective action plan call for a corrective action initiative on any element with a payment or case error rate which exceeds ten percent of total case or payment errors. Please provide us with your ideas on initiatives which may be successful in reducing the major errors which are identified in the analyses. We believe your experience with corrective action initiatives in other programs will be invaluable in helping us develop successful initiatives for the Medi-Cal program.

Please contact me or Marlene Ratner of my staff at (916) 322-3462 (ATSS 492-3462) if you have any questions or comments.

Sincerely,

Original signed by

Caroline Cabias, Chief
Medi-Cal Eligibility Branch

Attachments

TABLE 1

MAO CASE AND DOLLAR ERROR: OCTOBER 1982 - MARCH 1983

Cases Reviewed: 875

Case Error Rate: 15.77%

Payment Error Rate: 1.89%

Cases in Error: 138

Incidents of Error: 195

Payments in Error: $5,943

Note: Only pertinent error elements are shown.

Element	Number and Percent of Case Error Incidents				Percent of Payment Error		
	Agency	Client	Total	Percent	Agency	Client	Total
Basic	20	12	32	16.41*	17.52	4.98	22.50+
Age	2	0	2	1.03	10.48		10.48
Living Arrangement	7	5	12	6.15	2.64	2.14	4.78
Deprivation	6	3	9	4.61	1.31	2.31	3.62
Resources	1	9	10	5.13	.06	20.75	20.81
Bank Accounts	1	6	7	3.59	.06	20.11	20.17
Income	65	51	116	59.49	31.79	21.82	53.61
Wages/Salaries	9	19	28	14.36	1.98	10.47	12.45
RSDI Benefits	17	9	26	13.33	1.92	.55	2.47
Other Govt. Benefits	3	10	13	6.67	3.61	6.6	10.21
Other Disregards	24	5	29	14.87	21.94	7.35	22.29
Other Requirements	33	3	36	18.46	2.54	.34	2.88
Beneficiary Liability Determination	26	0	26	13.33	1.33		1.33

* Formula = 32 ÷ 195 = .1641 or 16.41 percent

\+ Formula = Amount of dollars in error (Federal Table III B) ÷ $5943 = percent of dollar error.

TABLE 2

MAO Case and Dollar Error: April - September 1983

Includes State Other Real Property Errors

Cases Reviewed:	910	Cases in Error:	99
Case Error Rate:	10.88%	Incidents of Error:	131
Payment Error Rate:	3.37%	Payments in Error:	$9733

Element	Number and Percent of Case Error Incidents (See MAO Error Analysis)				Percent of Payment Error		
	Agency	Client	Total	Percent	Agency	Client	Total
Basic	18	13	31	23.65*	4.85	2.65	7.50+
Age	3	0	3	2.29	.11	0	.11
Living Arrangement	8	8	16	12.31	3.34	2.05	5.39
Deprivation	2	2	4	3.05	.52	.41	.93
Resources	10	5	15	11.45	70.23	5.81	76.04
Bank Accounts	0	5	5	3.82		5.81	5.81
Real Property	9	0	9	6.87	60.53	0	60.53
Non-Liquid	1	0	1	.76	9.70	0	9.70
Income	19	47	66	50.37	3.90	11.95	15.85
Wages/Salaries	2	13	15	11.45	.35	7.35	7.70
RSDI	7	12	19	14.62	1.96	1.68	3.64
Other Government Program Benefits	1	7	8	6.11	.06	2.60	2.66
Other Disregards	6	7	13	9.92	1.41	.33	1.74
Other Requirements	16	3	19	14.5	.41	.20	.61

Note: Only pertinent error elements are shown.

* Formula = 31 ÷ 131 = .2365 or 23.65 percent

\+ Formula = Amount of dollars in error (Federal Table III B) ÷ $9733 = percent of dollar error

TABLE 3

MAO Case and Dollar Error: April - September 1983

Excludes State Other Real Property Errors

Cases Reviewed:	910	Cases in Error:	91
Case Error Rate:	10%	Incidents of Error:	123
Payment Error Rate:	1.58%	Payments in Error:	$4573

Note: Only pertinent error elements are shown.

Element	Number and Percent of Case Error Incidents (See MAO Error Analysis)				Percent of Payment Error		
	Agency	Client	Total	Percent	Agency	Client	Total
Basic	18	13	31	25.20*	10.32	5.64	15.96+
Age	3	0	3	2.43	.24	0	.24
Living Arrangement	8	8	16	13.01	7.11	4.37	11.48
Deprivation	2	2	4	3.25	1.12	.87	1.99
Resources	2	5	7	5.69	36.63	12.38	49.01
Bank Accounts	0	5	5	4.07	0	12.38	12.38
Real Property	1	0	1	.81	15.99	0	15.99
Non-Liquid	1	0	1	.81	20.64	0	20.64
Income	19	47	66	53.66	8.31	25.43	33.74
Wages/Salaries	2	13	15	12.20	.74	15.64	16.38
RSDI	7	12	19	15.45	4.18	3.56	7.74
Other Government Program Benefits	1	7	8	6.50	.13	5.53	5.66
Other Disregards	6	7	13	10.57	3.0	.70	3.70
Other Requirements	16	3	19	15.45	.88	.42	1.30

* Formula = 31 ÷ 123 = .2520 or 25.2 percent

\+ Formula = Amount of dollars in error (Federal Table III B) ÷ $4237 = percent of dollar error