DEPARTMENT OF HEALTH CARE SERVICES

REPORT TO THE LEGISLATURE

PUBLIC ASSISTANCE REPORTING INFORMATION SYSTEM

VETERANS MATCH

APRIL 2012

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EXECUTIVE SUMMARY

In accordance with Welfare and Institutions Code §14124.11, authorized by Assembly Bill 1183 (Chapter 758, Statutes of 2008), the Department of Health Care Services (DHCS) conducted a two-year Public Assistance and Reporting Information System (PARIS) pilot program to improve the identification of Medi-Cal beneficiaries who are veterans (or dependents or survivors) receiving high-cost services, and assist them in obtaining health benefits provided by the United States Department of Veterans Affairs (USDVA). The rationale for conducting this pilot was two-fold: veterans may have access to enhanced health benefits and greater asset protection by using USDVA health benefits and the state may improve the cost-effectiveness of the Medi-Cal program.

The pilot project, in partnership with the California Department of Veterans Affairs (CalVet), began operations in July 2009, and for purposes of this report, concluded in June 2011. Counties were selected for the pilot based on those having USDVA medical centers. The pilot started with three counties – Fresno, San Bernardino and San Diego in the first year. Over the course of the second year, the pilot efforts were expanded to seven additional counties - Alameda, Orange, Sacramento, San Mateo, San Francisco, Santa Clara, and Solano. (See Table 1 on page 8 for additional data by county.)

PARIS is an information-sharing data match system, operated by the U.S. Department of Health and Human Services' Administration for Children and Families (ACF), which allows state and federal agencies to verify public assistance client circumstances affecting Medicaid program eligibility. The PARIS-Veterans data match (PARIS-V) is one of three different data matches operated by ACF and allows states to compare their beneficiary information with the USDVA. The premise of the PARIS-V was to identify Medi-Cal beneficiaries with veteran status, who were subsequently flagged and then evaluated for potential eligibility for USDVA health benefits.

CalVet, using County Veterans Services Offices (CVSOs), conducted outreach activities in the pilot counties to inform identified beneficiaries of USDVA health benefits, and in some cases, assisted them in applying for such benefits. During the pilot, approximately 16,000 positive data matches were found among the submitted records. Of the positive data matches, DHCS focused on those beneficiaries who may have had high Medi-Cal expenditures (based on several criteria including those with a service connected disability), those who could have veteran benefits restored, and survivors who appeared eligible for Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA). This resulted in approximately 4,000 referrals to CVSOs resulting in approximately 990 contacts, reaching 158 high-cost beneficiaries.

Based on the overall analysis of the pilot, DHCS was able to accurately identify veterans who were Medi-Cal beneficiaries and achieved modest success in redirecting utilization to USDVA health benefits. This redirection resulted in $1.634 million in cost avoidance and savings for the Medi-Cal program.

1.0 LEGISLATIVE REPORT REQUIREMENTS

1.1 PILOT BACKGROUND AND DESIGN

Assembly Bill 1183 (Chapter 758, Statutes of 2008) was enacted in the summer of 2008, as part of the budget trailer bill sponsored by the Committee on Budget. The budget trailer bill added Welfare and Institutions Code §14124.11 to provide DHCS with the authority to implement a two-year pilot program to utilize the PARIS data system for identifying veterans and their dependents or survivors who are enrolled in Medi-Cal and assist them in obtaining USDVA benefits.

The rationale for conducting this pilot was two-fold. By using USDVA health benefits, veterans could possibly have access to enhanced benefits, save on beneficiary costs, experience improved care, and better protect family assets. From the state's perspective, Medi-Cal dollars could be freed up for other needy populations.

The authorizing legislation specified that DHCS select three counties to participate in the pilot program and directed DHCS to enter into an agreement with CalVet to perform outreach services in connection with this pilot program. The legislation required DHCS to monitor the pilot program, evaluate the outcomes and savings, provide the fiscal committees of the Legislature with a report on the findings and recommendations, and also gave DHCS broad authority to implement the program statewide at any time and continue operation of PARIS indefinitely if it determined that the pilot program is cost effective. No additional monies were appropriated for DHCS to conduct or evaluate the pilot, and no funding was provided to CalVet or CVSOs for their efforts related to this pilot.

As directed by statute, DHCS entered into a Memorandum of Understanding (MOU) with CalVet. Under the terms of the MOU, DHCS was responsible for administering PARIS-V with the federal government, filtering match results, and sending outreach referrals to CalVet. The MOU required CalVet to select the pilot counties, receive outreach referrals from DHCS, send referrals to CVSOs, and provide outcomes to DHCS. As required by the statute, the pilot required consenting counties to have a USDVA medical center.

On July 1, 2009, DHCS initiated the PARIS-V pilot evaluation period. The pilot began with three counties: Fresno, San Bernardino, and San Diego. In addition to having a USDVA medical center, these three selected counties had a track record of successfully performing veteran benefit facilitation services as reported by CalVet.

For those three counties, DHCS developed referral lists of veterans using specific criteria (listed below) designed to identify those who were most likely to be eligible for USDVA benefits and maximize Medi-Cal savings. The criteria included the following:

- A high level of service connected disability. Generally, when an individual is injured in the course of military duty and the injury results in a disability, eligibility for full USDVA health coverage is likely to occur.
- Veterans who are currently ineligible for USDVA benefits but were eligible in the past. These individuals, due to their past eligibility, are able to have their eligibility easily restored by the USDVA once they meet certain requirements.[1]
- Family members and survivors of veterans that the PARIS-V match file indicates are eligible for Civilian Health and Medical Program of the VA (CHAMPVA) health benefits.[2]

DHCS submitted lists of Medi-Cal beneficiaries to the USDVA for health benefit verification on a quarterly basis. The USDVA returned lists of Medi-Cal beneficiaries receiving USDVA benefits. DHCS examined the lists and individuals to determine the potential for enrollment in USDVA health benefits. DHCS focused on high-cost and/or long-term care (LTC) beneficiaries, because they were the most likely to qualify for USDVA health benefits based on their military service or the service of immediate family members. These beneficiaries were identified by various factors such as aid categories, USDVA entitlement codes, and high-levels of USDVA income, which suggested service connected disability.

DHCS sent CalVet referrals each quarter for each CVSO in the pilot. Once CVSOs contacted the veteran and performed the outreach services, CVSOs reported back to DHCS the outcome of the referral, for example, the veteran's eligibility status for USDVA benefits. In mid-2010, which was approximately halfway through the pilot, seven additional counties requested to participate. DHCS and CalVet expanded the pilot to include Alameda, Orange, Sacramento, San Mateo, San Francisco, Santa Clara, and Solano. During the pilot, DHCS conducted a total of eight quarterly PARIS-V matches with the original three participating counties. For the expanded seven counties, DHCS was able to conduct only a total of four quarterly PARIS-V matches, before the pilot evaluation period concluded on June 30, 2011.

1.2 PILOT RESULTS

The pilot was successful in enhancing DHCS' ability to identify veterans enrolled in Medi-Cal. During the two-year pilot, DHCS received over 16,000 positive data matches, or identifications of veterans enrolled in Medi-Cal, from PARIS-V. Prior to the pilot, DHCS relied on applicants to self-identify their veteran status on application forms.

[1] Indicators in the PARIS-V match file that identify veterans that are no longer in a long-term care facility and could potentially have their full pensions restored. Pensions are available to veterans and surviving spouses and children if the veteran has qualifying service and there is a financial need. Veterans also must have a qualifying disability that does not need to be service-connected. Veterans that receive a pension and require placement in a nursing home will have that pension reduced to an amount to support incidentals only. If they leave the nursing home to return to their home or a community placement, they are entitled to receive their full pension again. Data in the VA match file can be used to identify veterans who are receiving a pension of $90 per month (the Medicaid nursing facility pension rate), but are no longer residing in a nursing facility. These veterans should be referred for outreach because they are likely eligible to receive their full pension again.

[2] CHAMPVA is a comprehensive health care program in which the VA shares the cost of covered health care services and supplies with eligible beneficiaries. CHAMPVA-eligible Medicaid recipients on current State rolls are matched by case numbers with those of the veterans and widows included in the subset of records that will capture all spouses, surviving spouses, and children of veterans rated totally and permanently disabled or those killed in the line of duty.

Since applicants do not always accurately reflect their potential eligibility for veteran benefits on the application forms, the pilot was able to deliver to DHCS verified information directly from the USDVA. This led to an improvement in DHCS' ability to verify the veteran status of Medi-Cal beneficiaries.

Of the more than 16,000 positive data matches during the two-year period, DHCS made approximately 4,000 referrals to the CalVet of individuals potentially eligible for USDVA health benefits. It is important to note that the number of positive data matches and the number of referrals are not counts of unique individuals, as DHCS referred the same individual in multiple quarters, if a CVSO had not attempted to make contact yet. The number of unique individuals matched and referred is unknown at this time. However, the number of Medi-Cal disenrollments as a result of CVSO outreach and the number of individuals coded for other health care (OHC) coverage does represent unique individuals.

In order to maximize scarce resources, DHCS focused on beneficiaries who appeared to be the most likely to meet federal criteria and easily qualify for USDVA health benefits, when making referrals to CalVet. In compliance with the agreement with CalVet, CVSOs used a variety of methods, including letters, telephone calls, and face-to-face contact through appointments, to communicate with the individuals referred to them by CalVet.

During the contacts made with individuals, CVSOs explained to beneficiaries the benefits of switching from Medi-Cal to USDVA health benefits. CVSOs detailed the advantages of receiving USDVA health benefits instead of Medi-Cal, including offering specific services that may best meet their needs as a veteran. For example, CVSOs would encourage the veteran to compare the scope of benefits provided by the two programs. USDVA services could include specific therapies that focus on physical and psychosocial injuries incurred during deployment.

CVSOs also ensured that the veteran understood Medi-Cal estate recovery requirements. Many veterans were not aware that as a beneficiary of Medi-Cal, who is the payer of last resort, DHCS can recover LTC costs from the beneficiary's estate, whereas this does not occur in the USDVA health system. This appeared to be a powerful reason for some veterans receiving LTC to consider switching to or enrolling in USDVA health benefits. In making this decision, veterans are also informed that there are requirements on the use of USDVA benefits through the nearest VA medical facility which may be some distance away from the beneficiary's place of residence.

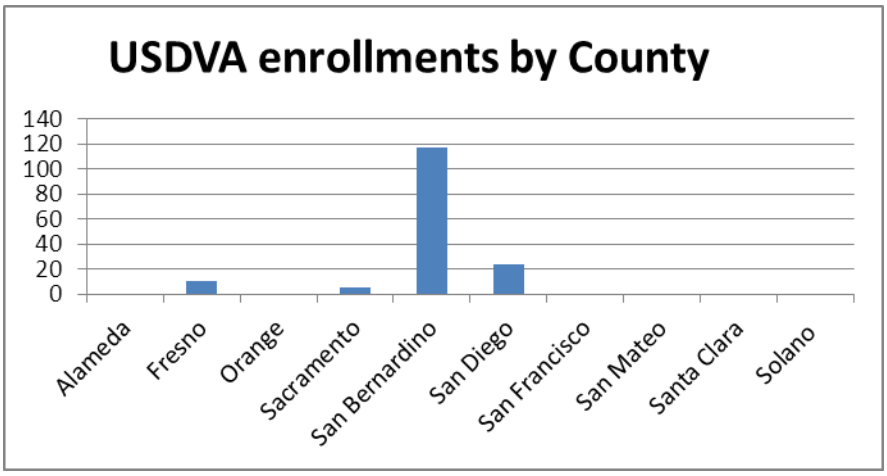
DHCS tracked outreach activities and calculated performance measurements. DHCS monitored the referral outcomes during the pilot through the data tracking process provided by ACF. The USDVA enrollment measurement allows DHCS to monitor how many individuals were simultaneously enrolled in Medi-Cal. DHCS received referral outcome reports from CalVet on a quarterly basis.

Of the nearly 4,000 referrals, CVSOs made approximately 990 contacts to veterans receiving Medi-Cal benefits. (See next section for more detailed performance measurements.) The referral outcomes revealed that many Medi-Cal beneficiaries were simultaneously enrolled in full USDVA health benefits. Other Medi-Cal beneficiaries appeared to be eligible, but were not enrolled in USDVA health benefits.

DHCS monitored the service utilization histories of individuals, who were simultaneously enrolled in Medi-Cal and USDVA health benefits. The utilization histories showed certain veterans enrolled in Medi-Cal elected to stop using their Medi-Cal benefits after DHCS referred them to CalVet for follow up. DHCS assessed the utilization histories to validate that the individual was no longer using their fee-for-service (FFS) benefits and monitored enrollment histories to verify if an individual disenrolled from Medi-Cal.

Since some of the beneficiaries enrolled in USDVA health benefits did not continue their Medi-Cal eligibility, DHCS determined that Medi-Cal expenditures were reduced as evidenced by reports from CVSOs, as well as tracking of enrollment data.

TABLE 1 - Number of Beneficiaries with USDVA Health Benefits and Medi-Cal



County	USDVA Enrollments
Alameda	0
Fresno	10
Orange	0
Sacramento	5
San Bernardino	117
San Diego	24
San Francisco	0
San Mateo	0
Santa Clara	0
Solano	0

2.0 PERFORMANCE MEASUREMENTS

2.1 PROGRAM AND OUTCOME MEASUREMENTS

DHCS measured the outcomes of the pilot to determine if the PARIS-V match generated cost avoidance/savings for California. DHCS closely monitored the cost avoidance/savings that resulted from each referral. (See Table 2 on page 10.)

During the pilot DHCS submitted a cumulative total of approximately 5,600,000 Medi-Cal records to PARIS-V. This is a cumulative total of records, not individuals, sent to PARIS-V. This record count includes individuals, who were matched in multiple quarterly match processes. If the individual remained an active Medi-Cal beneficiary, DHCS continued to refer the individual to CalVet. An unduplicated count, which requires a manual matching of records, was not possible to conduct due to a lack of allocated staff resources for this effort.

PARIS-V matched DHCS' file of Medi-Cal records against the USDVA database and provided a list of matches. DHCS monitored the number of Medi-Cal records PARIS-V identified as receiving USDVA health benefits. During the pilot PARIS-V identified 16,387 positive identifications of veterans enrolled in Medi-Cal.

DHCS filtered the match results to focus outreach efforts on individuals who offered the highest cost avoidance or savings potential and who appeared to be the most likely to meet federal criteria and easily qualify for USDVA health benefits. Over the course of the pilot, of the 16,387 identified beneficiaries, DHCS sent 3,933 referrals to CVSOs, of Medi-Cal beneficiaries who were potentially eligible for benefits through the USDVA. Because CVSOs were provided no funding for these contacts, and experienced staffing shortages and workload pressures, only 24 percent of referrals were acted on by CVSOs.

Once CVSOs received their referral list, they attempted to contact Medi-Cal beneficiaries, who were potentially eligible for USDVA health benefits. Of the 3,933 referrals, CVSOs made approximately 990 contacts to veterans receiving Medi-Cal benefits. Out of the 990 contacts made, 158 individuals appeared to already be enrolled in USDVA health benefits at the time of the referral identified by PARIS-V. Of the 158 Medi-Cal beneficiaries contacted by CVSOs, 24 did not continue their Medi-Cal coverage and chose to continue health coverage through USDVA health benefits only, thus resulting in future cost savings or avoidance to Medi-Cal.

Of these unduplicated 24 beneficiaries, 21 were receiving care under Medi-Cal FFS, which pays claims submitted by providers after services have been rendered, and three were receiving care under Medi-Cal managed care, for which the state makes a monthly capitated payment to a managed care plan. DHCS estimated $1.4 million in cost avoidance for discontinued FFS beneficiaries, as costs for claims payments would shift to USDVA, and an estimated $18,674.00 savings in the monthly capitation payments for the discontinued managed care beneficiaries under Medi-Cal (Table 2).

2.2 REFERRAL FINDINGS

TABLE 2 – Medi-Cal AID Category Reviewed for PARIS-V

Aid Category for Participating Counties	FFS Beneficiaries	FFS Cost to Medi-Cal (per month per beneficiary)*	FFS Total (per month)	Managed Care Beneficiaries	MC Cost to Medi-Cal (per month per beneficiary)*
Medically Needy LTC	4	$7,576	$30,304	0	N/A
Medically Needy Aged	3	$590	$1,770	0	N/A
Medically Needy Disabled	11	$2,079	$22,869	1	$558*
Medically Needy Families	0	$300	0	2	$110
Public Assistance Aged	1	$1,032	$1,032	0	N/A
Public Assistance Disabled	2	$1,004	$2,008	0	N/A
Totals:	21		$57,983	3	$778
Cost Avoidance/Savings for 24 Months: Cost to Medi-Cal x 24 Months for pilot	$1,391,592**			$18,672**	

**Source: DHCS Research and Analytical Studies Section (RASS). Costs for the identified disabled beneficiary are based on the facility costs where that beneficiary is housed in San Diego.*
*** Numbers are not exact due to rounding up.*

Additionally, DHCS monitored the number of Medi-Cal beneficiaries, who were family members of veterans and identified as currently enrolled in CHAMPVA, and noted the CHAMPVA coverage in their Medi-Cal records. This resulted in lowering Medi-Cal expenditures as CHAMPVA was identified as other health coverage (OHC), which is billed before Medi-Cal. During the pilot, DHCS updated OHC codes of the seven Medi-Cal beneficiaries, who had concurrent enrollment in CHAMPVA. Three of the seven beneficiaries are still concurrently eligible for Medi-Cal and their cases have been coded for OHC. The remaining four dropped their Medi-Cal coverage. These three beneficiaries were identified by "Aid Code" categories. Assuming the costs of medical

care for these beneficiaries shifted from Medi-Cal to CHAMPVA, Medi-Cal could avoid approximately $9,325 per month for all three beneficiaries. This is illustrated in Table 3 below.

Table 3 – Number of Beneficiaries in Cost Shift

Aid Category	FFS Beneficiaries*	Cost to Medi- Cal (per month per beneficiary)*
Medically Needy – LTC	1	$7,079**
Medically Needy – Aged	1	$598**
Medically Needy – Blind	1	$1,648**
Totals:	3	$9,325**
Cost Avoidance for 24 Months of pilot: ($9,325 x 24 months)		$223,800**

**Source: DHCS Research and Analytical Studies Section (RASS)*
*** Numbers are not exact due to rounding.*

2.3 SUMMARY OF MEASUREMENTS

Table 4 – Summary of Benefit/Cost Avoidance/Savings

Measurement	**Benefit/Cost Avoidance/Savings**
Total Benefit/Cost Avoidance/Savings This amount includes cost avoidance from FFS, savings from managed care, and costs shifts from Medi-Cal by veterans. The total for these figures =	$1,391,592 +$18,672+$223,800 $1,634,064

3.0 PROJECT COSTS AND BENEFITS

It is important to note that DHCS did not receive funding for this project and incurred costs to implement the pilot. These costs included DHCS information technology (IT) systems and staff to manage the pilot. DHCS redirected internal staffing to handle the IT activities and to operate the pilot. No new funds were available to CVSOs from DHCS or CalVet to assist them with performing the outreach efforts, and CVSO outreach to beneficiaries was limited by budget constraints, staffing shortages, and workload pressures. Only 25 percent of referrals made by CalVet were acted upon by CVSOs.

Table 5 – Administrative Costs for the PARIS-V Pilot

Redirected IT Costs	$50,000
Redirected Staffing Costs	$100,000
Total Project Administrative Costs	$150,000

The pilot achieved $1,634,064 in total cost avoidance/savings. DHCS documented this by monitoring the discontinuance from Medi-Cal for individuals, who were simultaneously enrolled in Medi-Cal, USDVA health benefits, and CHAMPVA. The cost avoidance/savings from the pilot exceeded the redirected costs for administration. Although limited, CVSOs outreach resulted in individuals electing not to continue their Medi-Cal coverage and instead participate in USDVA health benefits and CHAMPVA. Table 6 illustrates the overall project costs and cost avoidance/savings.

Table 6 – Total Cost Avoidance/Savings Minus Administrative Costs

Total Benefit/Cost Avoidance/Savings	$1,634,064
Total Administrative Costs	- $150,000
Net Cost Avoidance/Savings	= $1,484,064

4.0 RECOMMENDATIONS

State law allows DHCS to continue and expand PARIS-V, if it is determined to be cost effective. The pilot did demonstrate cost avoidance/savings during the evaluation period. Of the 24 veterans identified as having enrollment in both Medi-Cal and USDVA, and who subsequently disenrolled from Medi-Cal as a result of the pilot efforts, $1,634,064 in total cost avoidance/savings was achieved. Although the pilot ended June 30, 2011, DHCS continues conducting PARIS-V in the ten counties.

Given the limited contact that resulted in $1.634 million in General Fund savings and cost avoidance, it is reasonable to assume that PARIS-V effectiveness has not been fully realized, and increased communication and outreach with veterans, their family members and surviving dependents, would result in increased success in utilization of USDVA health benefits.

Going forward, the state can continue its current path in redirecting limited resources to maintain the level of effort put forth in the pilot. The state can also consider directing more resources for the pilot, or consider additional or alternative measures to increase utilization of USDVA benefits. By implementing one or more of the following recommendations, DHCS could achieve additional Medicaid cost reductions:

Direct more dedicated resources to DHCS, CalVet, and CVSOs to act upon referrals. For the pilot, DHCS temporarily redirected analytical staff to complete PARIS-V assignments on an as-needed basis. Limitations on project management were a constraint that did not allow for maximum success. Follow up on the 832 cases identified in the pilot as being enrolled in Medi-Cal and also identified as a veteran, would likely identify additional individuals who may choose to shift from Medi-Cal to USDVA benefits. Going forward, dedicated staff resources for DHCS and CalVet to operate PARIS-V statewide could be considered. DHCS' existing workload does not permit redirection of staff to fully support the functions necessary to operate PARIS-V to its fullest potential with the same being true for CalVet. As the lead agency for PARIS in

California, DHCS could explore the possibility of partnering with other assistance programs, such as county General Relief.

Initiate direct contact between DHCS and beneficiaries. DHCS could consider increasing its presence in the veteran benefit enhancement efforts. For example, DHCS could post information on its website to educate veterans enrolled in Medi-Cal that they may qualify for USDVA health benefits. The website would take the value proposition directly to veterans and explain that using USDVA health benefits may give them more benefits, save them money, improve their care, protect their family's assets, and free up state Medi-Cal benefits for needy non-veterans. DHCS is already developing efforts to add information to their website. In another direct approach DHCS could send letters to veterans and surviving veteran dependents receiving Medi-Cal explaining USDVA health benefits and how to enroll.

Assist CVSOs to educate veteran Medi-Cal beneficiaries of the advantage of USDVA health benefits over Medi-Cal. This education could include providing additional opportunities of conveying this information as part of other contacts with local veterans as well as looking at opportunities for CalVet and CVSOs to include information on health care options as part of informational materials that may be provided to veterans.

In addition to the recommendations above, other states' practices may also be considered.

4.1 OTHER STATES

DHCS reviewed best practices from other states. To the extent such efforts are implemented in California, they are likely to result in improving and maximizing the effectiveness of PARIS-V. Other states have more aggressively maximized the PARIS-V data match and have shown substantial cost avoidance/savings results. Pennsylvania has participated in PARIS-V since its inception. Pennsylvania estimated annualized cost avoidance/savings of approximately $27.8 million from a period covering nine PARIS-V quarters. Pennsylvania worked 40,769 cases resulting in reducing 4,448 cases from Medicaid.

In Washington State, the Washington Department of Social and Health Services (WDSHS) paid the Washington Department of Veterans Affairs (WDVA) a yearly sum of $225,000 through an interagency contract with performance-based metrics. WDVA received ten percent of the actual savings verified by WDSHS. Because of this success, the performance contract was no longer needed as the Washington State Legislature appropriated one million dollars and four staff to WDVA to work exclusively on PARIS-V.

In Texas, a legislative proposal seeks to appropriate ten percent of actual general revenue savings verified annually, beginning in FY 2013, by the Health and Human

Services Commission (HHSC). This is the result of researching information obtained from PARIS-V, verified by HHSC and transferred to the Texas Veterans Commission.

Due to variations in state Medicaid Programs and veteran populations, savings cannot be estimated until the program is operational for at least one biennium. Outreach results from Washington and Texas demonstrate that funding for an outreach program would increase the success rate of getting Medi-Cal beneficiaries enrolled in USDVA health benefits.

5.0 CONCLUSION

DHCS' mission is to preserve and improve the health status of all Californians. In establishing PARIS-V permanently, there is an opportunity to ensure California veterans are receiving benefits for which they are eligible and are likely better suited to meet their needs. With the implementation of DHCS' recommendations, PARIS-V has the potential to improve the identification of high-cost Medi-Cal beneficiaries, who are potentially eligible for USDVA health benefits. Of the 24 veterans identified as having enrollment in both Medi-Cal and USDVA, who subsequently disenrolled from Medi-Cal as a result of the pilot efforts, $1,634,064 in total cost avoidance/savings was achieved.

PARIS-V aligns with the implementation of the fourth goal in the DHCS Strategic Plan, which is to increase accountability and fiscal integrity and within that goal is the objective to reduce wasteful duplicative coverage.

PARIS-V is an innovative project that has captured the attention of many national observers. During this time of Medi-Cal expansion and movement toward health care reform, such projects can help states improve cost-effectiveness by facilitating appropriate enrollment in public programs.