



DIANA M. BONTÁ, R.N., Dr. P.H.  
Director

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



GRAY DAVIS  
Governor

September 5, 2003

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 03-48  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALIST/LIAISONS  
ALL COUNTY HEALTH EXECUTIVES  
ALL COUNTY MENTAL HEALTH DIRECTORS

SUBJECT: PERFORMANCE STANDARDS INSTRUCTIONS FOR ELIGIBILITY  
DETERMINATIONS AND ANNUAL REDETERMINATIONS  
(Reference: All County Welfare Directors Letters No. 02-52 and 03-42)

Senate Bill X1 26 (Chapter 9, Statutes of 2003, 1st Extraordinary Session) establishes county performance standards for eligibility determinations and annual redeterminations (RV). Assembly Bill 1762 (Chapter 230, Statutes of 2003) amends one of the performance standards to require that 90 percent of the annual RVs be mailed to the recipient by the anniversary date, rather than commenced by the anniversary date.

The Medi-Cal budget for 2003-2004 assumes that costs will be reduced by a total of \$376 million in 2003-2004 based upon increased funding for the counties and the requirement that counties timely perform eligibility determinations and annual RVs. It is, therefore, critical that counties ensure that they process initial applications and annual RVs following federal timeliness requirements and meet these performance standards.

Federal law requires that applications for Medi-Cal be processed within 90 days for applicants who apply on the basis of disability and 45 days for all other applicants, except when unusual circumstances are present. (42 CFR 435.911(a)) Examples of unusual circumstances include when the agency cannot reach a decision because the applicant or an examining physician delays or fails to take a required action; or when there is an administrative or other emergency beyond the agency's control. (42 CFR 435.911(c))

Federal law requires that eligibility for Medi-Cal be redetermined at least every twelve months with respect to circumstances that may change. (42 CFR 435.916(a))



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Counties are reminded that compliance with these laws is mandatory when delivering Medi-Cal program services and spending federal and state funds. Nothing in this letter should be read as changing these requirements. The standards discussed below are related to performance measures only.

The instructions below are specific to Fiscal Years 2003-2004, 2004-2005 and 2005-2006 for those 25 counties identified below that must submit a Report on Performance (Report) on January 1, 2004. The counties that must submit a Report after January 1, 2004, will be determined based upon the initial Reports that are required to be submitted based on these instructions.

The Legislature has adopted the following standards under which the State will measure county performance:

Pursuant to Welfare and Institutions Code Section 14154(c)(1), counties must complete eligibility determinations as follows:

- “(A) Ninety percent of the general applications without applicant errors and are complete shall be completed within 45 days.
- (B) Ninety percent of the applications for Medi-Cal based on disability shall be completed within 90 days, excluding delays by the state.”

Pursuant to Welfare and Institutions Code Section 14154(c)(3), counties must perform timely annual RVs, as follows:

- “(A) Ninety percent of the annual RV forms shall be mailed to the recipient by the anniversary date.
- (B) Ninety percent of the annual RVs shall be completed within 60 days of the recipient's annual RV date for those RVs based on forms that are complete and have been returned to the county by the recipient in a timely manner.
- (C) Ninety percent of those annual RVs where the RV form has not been returned to the county by the recipient shall be completed by sending a Notice of Action (NOA) to the recipient within 45 days after the date the form was due to the county.”

Beginning January 1, 2004, each county is required to submit a Report to the Department of Health Services (Department) on the county's results in meeting the performance standards and submit a corrective action plan if the Department finds that the county is not in compliance with one or more of the standards. The county may be subject to a reduction in county administration funds by two percent in the next fiscal

year if the county does not meet the performance standards. The Department has developed procedures, in collaboration with counties and stakeholders, in order to implement the performance standards. These procedures establish county review cycles, sampling methodologies and procedures, and data reporting processes.

The counties identified below must follow the instructions below for the submission of each Report beginning January 1, 2004, with the Report submitted no later than January 15 of each year:

**County Review Cycle:**

For the first Report, each of the 25 largest counties must submit a Report. These counties are:

Alameda	San Bernardino
Butte	San Diego
Contra Costa	San Francisco
Fresno	San Joaquin
Imperial	San Mateo
Kern	Santa Barbara
Los Angeles	Santa Clara
Madera	Sonoma
Merced	Solano
Monterey	Stanislaus
Orange	Tulare
Riverside	Ventura
Sacramento	

Those counties that report that they have met each of the five performance standards will not be required to submit a new Report until January 1, 2006. Those counties that have failed to meet one or more of the performance standards will report on benchmarks, as explained below, for those performance standards not met and must submit a Report on January 1, 2005.

Upon receipt of the January 1, 2004, Report, the Department will review and verify the information contained in the Report. If the Department finds that a county is not in compliance with one or more of the performance standards, the county shall, within 60 days of written notice, submit a corrective action plan to the Department for approval. If the county's Report indicates that the county has failed to comply with any one or more of the performance standards, the submission of that Report shall constitute the determination that a corrective action plan is required to be submitted within 60 days of the submission of the Report.

If it is determined that a county must submit a corrective action plan, the plan must include, for each of the performance standards that the county is out of compliance, steps the county will take to improve its performance. The plan shall establish interim benchmarks for improvement that will be expected to be met by the county in order to avoid a reduction, in the following year, of two percent of their county administrative funds. The plan must enable the Department to measure the extent of any improvement by the county every three months. The Department and the applicable county will negotiate the corrective action plan, interim steps, and interim reporting on a county-by-county basis. The final review of the benchmarks by the Department will be during the month of June 2005, or such earlier time as may be determined in the corrective action plan.

If the county does not meet the performance standards, the Department, at its sole discretion, may reduce the allocation of county administrative funds, effective July 2005. Any funds so reduced may be restored by the Department if, in the determination of the department, sufficient improvement has been made by the county in meeting the performance standards during the year for which the funds were reduced. The county may use the Report submitted on January 1, 2006, to claim that sufficient improvement has been made. That Report will be reviewed and validated by the Department to determine if sufficient improvement has been made. If the county continues not to meet the performance standards, the Department may reduce the county administrative fee allocation by an additional two percent for each year thereafter in which sufficient improvement has not been made to meet the performance standards.

### **Sampling Methodology and Procedures:**

Counties must select a specific month for review of eligibility determinations and RVs, with the sample month determined based upon whether the county is doing a retrospective or prospective review for eligibility determinations. Counties may select the appropriate month based upon whether automated or manual, and the extent to which the county is automated. Counties must select the sample month in order to be able to submit the Report by January 1, 2004. The county may use either a retrospective or prospective methodology for analysis of the performance standards for eligibility determinations, but must use the same methodology every year.

Consideration will be given to counties that will be changing from a manual to an automated system or from one automated system to another. Under a retrospective analysis, counties will look at the universe of cases, or a State-determined sample of cases, for a county designated month to determine if 90 percent of the eligibility determinations were completed within the prior 45 days or 90 days, as appropriate. Under a prospective analysis, counties will look at the universe of cases, or a

State-determined sample of cases, for a county designated month, to determine if 90 percent of the eligibility determinations were completed within the following 45 or 90 days, as appropriate. Because the prospective sample month may not allow for completion of the Report by January 1, 2004, for the performance standard requiring 90 percent of disability-based eligibility determinations to be completed within 90 days, those counties using the prospective methodology may submit an addendum to the January 1, 2004, report no later than February 15, 2004, with that performance standard.

For RVs, counties will look at the universe of cases, or a State-determined sample of cases, that were due in the designated month and determine if 90 percent were mailed to the recipient by the anniversary date, 90 percent were **completed** within 60 days of the recipient's annual RV date for those RVs based on forms that are **complete** and have been returned by the recipient **in a timely manner**, and 90 percent of the RVs that were not returned to the county were sent a NOA within 45 days after the RV form was due.

For purposes of these instructions:

“Completed” means that there has been a disposition of the case by the eligibility worker certifying eligibility for another 12-month period or notifying the recipient of ineligibility with a timely termination NOA.

“Complete” means that all questions on the RV form were answered and that no further action is required from the recipient and only county action is required because the county has the information necessary to make a disposition of ongoing eligibility or ineligibility.

“In a timely manner” means that the recipient has returned the RV form by the due date specified on the RV notice or by the last date of the month that the RV is to be completed by the recipient.

If a county is unable to analyze the universe of eligibility determination cases or RVs, the county must notify the Department the month preceding the sample month so that the Department may generate a sample case listing.

### **Data Reporting:**

The Report must include the following information:

1. Which method of analysis was selected for eligibility determinations, retrospective or prospective, and the reasons for the selection.

2. The month selected for retrospective or prospective analysis for eligibility determinations.
3. Whether a universe of cases was analyzed, or a State-determined sample was analyzed.
4. For retrospective eligibility determinations – non-disability.
  - a. Number of non-disability applications completed in the report month that were done within 45 days
  - b. Number of non-disability applications completed in report month
  - c. Percent 4a is of 4b, above.
5. For prospective eligibility determinations – non-disability.
  - a. Number of non-disability applications taken in the report month that were completed within 45 days
  - b. Number of non-disability applications that were taken in the report month
  - c. Percent 5a is of 5b, above.
6. For retrospective eligibility determinations – disability.
  - a. Number of disability applications completed in the report month that were done within 90 days, excluding delay caused by the State. (Delay caused by the State is when the agency cannot reach a decision within 90 days because the applicant or an examining physician delays or fails to take a required action or the Department of Social Services fails to make a determination of disability within the 90 days.)
  - b. Number of disability applications completed in report month, excluding delay caused by the state.
  - c. Percent 6a is of 6b.
7. For prospective eligibility determinations – disability.
  - a. Number of disability applications taken in the report month that were done within 90 days, excluding delay caused by the State. (Delay caused by the State is when the agency cannot reach a decision within 90 days because the applicant or an examining physician delays or fails to take a required action or the Department of Social Services fails to make a determination of disability within the 90 days.)
  - b. Number of disability applications taken in report month, excluding delay caused by the state.
  - c. Percent 7a is of 7b, above.
8. RV forms mailed to applicant by anniversary date.

- a. Number of RVs due in the review month that were mailed to the recipient by anniversary date.
  - b. Number of RVs due in the report month.
  - c. Percent 8a is of 8b, above.
9. RVs completed within 60 days of the recipient's annual RV date for those RVs based on forms that are complete and have been returned to the county by the recipient in a timely manner.
- a. Number RVs due in report month and returned complete in a timely manner that are completed within 60 days.
  - b. Number RVs due in the report month that are complete and returned in a timely manner.
  - c. Percent 9a is of 9b, above.
10. RVs completed by sending a NOA to the recipient within 45 days after the date the RV form was due to the county and the RV form was not returned to the county by the recipient.
- a. Number of RVs completed in the report month by sending a NOA within 45 days after the form was due to the county when the RV form was not returned to the county.
  - b. Number of RVs due in the report month that the recipient did not return to the county by the date the RV was due to the county.
  - c. Percent 10a is of 10b, above.

If you have questions regarding this All County Welfare Directors Letter, please contact Ms. Alice Mak of my staff at (916) 552-9514 or by email at [amak@dhs.ca.gov](mailto:amak@dhs.ca.gov).

Original signed by

Beth Fife, Chief  
Medi-Cal Eligibility Branch