DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: November 25, 2024

TO: ALL COUNTY WELFARE DIRECTORS Letter No.: 24-17
ALL COUNTY WELFARE ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS
ALL COUNTY HEALTH EXECUTIVES
ALL COUNTY MENTAL HEALTH DIRECTORS
ALL COUNTY MEDS LIAISONS

SUBJECT: ENHANCING COUNTY MEDI-CAL ELIGIBILITY PERFORMANCE STANDARDS
RE: MEDIL 24-12

Purpose
The purpose of this letter is to inform counties that effective June 2024, the Department of Health Care Services (DHCS) will reinstate County Performance Standards in alignment with state statutes outlined in Welfare and Institutions Code (WIC) section 14154 and section 14154.5. This letter supersedes the performance standards policies issued in All County Welfare Directors Letters (ACWDL) and Medi-Cal Eligibility Division Informational Letters (MEDIL): ACWDL 01-29, ACWDL 03-42, ACWDL 03-48, ACWDL 03-59, ACWDL 05-22, ACWDL 05-22E, ACWDL 06-21, ACWDL 07-09, ACWDL 07-33, ACWDL 08-01, ACWDL 08-08, ACWDL 08-09, ACWDL 08-45, ACWDL 10-09, ACWDL 12-29, MEDIL11-03, MEDIL 11-03E, MEDIL 13-05, MEDIL 14-14, MEDIL 14-49, and MEDIL 15-16

Background
Historically, DHCS allowed counties to self-certify performance standards. Upon implementation of the Affordable Care Act, DHCS issued MEDIL 14-14 that suspended county performance standards. DHCS planned to lift the suspension in early 2020, however, due to the Novel Coronavirus Disease Public Health Emergency and the Continuous Coverage Unwinding, the suspension remained in effect.

New Performance Standards Policy
As outlined in MEDIL 24-12 effective June 2024, DHCS lifted the hold harmless policy and will transition to data driven performance monitoring.

DHCS will reintroduce focused reviews along with county performance standards. While the county performance standards measure the timeliness of county actions, focused reviews evaluate both the timeliness and accuracy of Medi-Cal applications, redeterminations, and Medi-Cal Eligibility Data System (MEDS) Alert processing.

Performance Standards
42 Code of Federal Regulations (CFR) 435.912 guides states in developing performance standards for determining, renewing and redetermining eligibility in an efficient and timely manner across a pool of applicants or members. DHCS reviews performance standards data monthly and assesses accuracy during focused reviews. California performance standards are found in Welfare and Institutions Code (WIC) 14154 (applications and annual redeterminations), and WIC 14154.5 (MEDS alert processing).

Timeliness Standards
As defined in 42 CFR 435.912, the timeliness standards refer to the maximum periods of time that are subject to the exceptions in paragraph (e) and in accordance with 42 CFR 435.911(c), in which every applicant is entitled to a determination of eligibility, a redetermination of eligibility at redetermination, and a redetermination of eligibility based on a change of circumstance. Timeliness is measured at the individual level and tested during external audits and DHCS focused reviews.

Exceptions from the Timeliness Standards 42 CFR 435.912(e)

(1) When the County Welfare Department (CWD) cannot make a decision due to the delays or failures by the applicant, member, or an attending physician. For example, the CWD is not able to adjudicate a Medi-Cal application because the applicant failed to provide requested information needed to make the determination.
(2) When an administrative or emergency situation beyond the CWD's control occurs. For example, in instances where the state declares State of Emergencies for wildfires or flooding that significantly disrupts the CWDs normal business operations.

Records that meet an exception listed above will not be cited.

Data Metrics Used to Measure County Performance Standards for the Modified Adjusted Gross Income (MAGI) and non-MAGI Populations
DHCS will use quantitative data metrics to monitor performance standards. For example, the metrics inform DHCS of the total number of individual redeterminations due for a specific month, or the total number of individuals submitted on applications that were determined eligible or ineligible for a particular month. Three separate data sets will be used for applications, redeterminations, and MEDS Alerts. DHCS's county performance measure process will begin with a DHCS monthly review of data related to these metrics. If the data demonstrates that performance standards are not being met,

DHCS will perform a focused review. **Performance metric data alone does not confirm non-compliance.**

DHCS will collaborate with CalSAWS, CWDA, and counties to add functionality to CalSAWS that identifies circumstances that contribute to case processing delays, including applicant, member, or Disability Determinations Services Division (DDSD)-caused delays. DHCS will collaborate with CalSAWS, CWDA, and counties to determine whether a system defect impact should allow for a performance standards exemption to apply.

CalSAWS provides counties with access to performance data on the CalSAWS SharePoint site. DHCS will provide counties with ten working days to review the monthly data metrics, and alert DHCS to any discrepancies.

Eligibility performance will be measured based on these three datasets and metrics:

- Application Processing: DHCS will use the California Statewide Automated Welfare System (CalSAWS) provided Centers for Medicare and Medicaid Services (CMS) Performance Indicators (CMSPI) 12 dataset to measure application processing. The CMSPI 12 is received monthly by DHCS.

  WIC § 14154(d)(1) requires:
  - Ninety percent of the general applications without applicant errors and are complete shall be completed within 45 days.
  - Ninety percent of the applications for Medi-Cal based on disability shall be completed within 90 days, excluding delays by the state.

  Note: Delays by the state are defined as DDSD-caused delays.

- Annual Redetermination Processing: DHCS will use the CalSAWS provided Renewal Master Request (RMR) dataset to monitor redetermination processing. The RMR is received monthly but is delayed by approximately 120 days to account for the 90-day Cure Period. Due to the outdated language in sections A and C of the WIC § 14154(d)(3), DHCS will monitor only section B.

  WIC § 14154(d)(3)(B) requires:
  - Ninety percent of the annual redeterminations shall be completed within 60 days of the recipient's annual redetermination date for those redeterminations based on forms that are complete and have been returned to the county by the recipient in a timely manner.

The redetermination date is defined as the last day of the redetermination due month. The redetermination packet is considered timely if it is received by the last date of the redetermination due month.

- MEDS Alert Processing: DHCS will use data generated by MEDS, and the CalSAWS-generated MEDS Alert dataset to monitor the processing of MEDS Alerts. The data is received monthly.

  WIC § 14154.5 requires that counties process MEDS alerts that affect eligibility and share of cost, and records that exist on the county's files but not in MEDS.
  (A) Ninety percent of non-reconciliation MEDS Alerts should be processed by the timeframes indicated below.
  (B) Ninety-five percent of reconciliation MEDS Alerts should be processed by the timeframes indicated below.

MEDS alerts received by the 10th working day of the month shall be processed in time for the change to be effective the beginning of the following month. Any worker alert received after the 10th working day of the month shall be processed in time for the change to be effective the beginning of the month after the following month. Counties may reference ACWDL 23-14E for the list of MEDS Alerts that will be monitored under the performance standards.

MEDS-generated alert data is current data, usually including unresolved MEDS alerts. These MEDS Alerts are transmitted to CalSAWS for assignment to a County Eligibility Worker (CEW) for processing. The MEDS Alerts in CalSAWS include both outstanding alerts and alerts that have been processed by the CEW.

Notable Aid Codes
In accordance with 42 CFR 435.912(c)(5), processing times for the notable aid codes are:

(1) The end of the month that occurs 30 calendar days following the report of change (when no additional information is needed), or
(2) The end of the month that occurs 60 calendar days following the report of change if additional information is needed.

Notable Aid Codes:
1E Craig vs. Bonta Aged
2E Craig vs. Bonta Blind
6E Craig vs. Bonta Disabled
38 Edwards vs Kizer

8E Accelerated Enrollment

For example, a member is discontinued from Supplemental Security Income on June 5, 2024. Their processing time would end July 31, 2024, if no additional information was needed, or the processing time would end August 31, 2024, if additional information was needed.

Focused Review
DHCS will select counties for review on a quarterly basis beginning in December 2024 and send entrance conference letters to the selected counties in January 2025. Each quarter thereafter, DHCS will continue selecting counties and sending entrance conference letters. DHCS will prioritize counties for review based on performance standards data and findings from federal and state audits. Focused reviews evaluate the timeliness and accuracy of Medi-Cal applications, redeterminations, or MEDS Alerts processing actions taken by the county.

DHCS will also consider county performance during external and internal audits required by federal oversight agencies (i.e., the Office of Inspector General (OIG) and CMS) of DHCS to assess if a focused review is required. Counties are not responsible for any corrective actions leveraged against DHCS by federal oversight agencies.

June 2024 will be the first month of data subject to the reviews. Due to the availability of the data and the time needed to schedule and conduct entrance conferences, DHCS does not anticipate beginning reviews before February 2025. Regardless of performance, each county will have a focused review at least once every two years.

Focused review findings will be used to confirm non-compliance. Counties may be required to develop a Corrective Action Plan (CAP) based on the outcome of the review.

Focused Review Process:
Below is a sample timeline of the Focused Review process from start to finish.

Month 1: DHCS sends the county an entrance conference notification letter to the county's Medi-Cal director and Medi-Cal Eligibility Quality Control Liaison. The notification letter will include the purpose of the review, the scope of the review, and the sample size (90 records for large counties, 60 records for mid-size counties and 30 records for small counties). DHCS conducts reviews at the individual level.
Month 2-3: DHCS will meet with the county to provide an overview of the focused review process, the sample size, and the methodology for the review.
Month 4-5: The review process will begin.
Month 6-7: After completing the focused review, DHCS will share the draft findings with the county. The county will have **60 days** to review and respond to the findings.

Month 8: Following the county's review and response, DHCS will schedule the exit conference to discuss the final findings report and next steps, if any.

Sixty days after the final report is issued, the county must submit a CAP, if needed.

Corrective Action Plans (CAPs)
When a focused review indicates non-compliance, the county is required to develop a CAP. DHCS will work with the county to ensure that the CAP is successful in mitigating issues that contribute to non-compliance. DHCS will not find a county non-compliant if DHCS determines CalSAWS, CalHEERS, or MEDS system deficiencies were the cause of non-compliance.

CAP Requirements

- *Development and Submission*: Counties must develop and implement a CAP that addresses areas of vulnerability that contribute to difficulties with meeting required performance standards. The CAP must be submitted to DHCS no later than 60 days after the issuance of the focused review final report.
- *Timeline*: The CAP must include a 12-month timeline for the implementation of all corrective action measures.
- *Staff and Implementation*: The CAP should identify the staff responsible for the development and monitoring of the CAP, outline the plan to operationalize the CAP, and describe how the county will measure its effectiveness.
- *Alternative Solutions*: If the CAP does not lead to improved performance standards 12 months after implementation, counties must provide alternative solutions.
- *Measurable Improvements*: Measurable improvements should be seen no later than 18 months after the CAP's implementation date. If DHCS does not see measurable improvements by the 19th month, a financial sanction may be imposed for the following fiscal year, subject to the provisions in the Financial Sanction section (below).

Counties will be required to provide a CAP update every 6 months and demonstrate that the CAP targets are met 12 months after implementation. At the 12-month mark, DHCS will perform a second focused review. If the same issues persist but the county is complying with the CAP requirements, DHCS will continue to work with the county to resolve the recurring issues within the next 6 months. If the county is not in compliance with the CAP at the 18-month mark, DHCS may impose a financial sanction.

Financial Sanctions
DHCS plans to collaborate with counties to ensure that performance standards are met. Counties will not be subject to financial sanctions in the first 18 months of a CAP if they demonstrate effort to meet all performance standards.

DHCS may withhold up to 2 percent of the county's base allocation as a financial sanction in the first year. DHCS may reduce the county's allocation by an additional 2 percent for each year thereafter in which sufficient improvement has not been made to meet the application and renewal performance standards related to applications and renewals. The sanction may not exceed 2 percent for a county that has not met performance standards for MEDS alerts, and the county has not made adequate progress on completing the corrective action plan.

Financial sanctions cannot be imposed in years where a cost-of-living adjustment to the county allocation is not authorized. If DHCS determines that a sanctioned county has made satisfactory progress, DHCS may rescind the financial sanction.

Publication Process
DHCS will publish performance standards data for all 58 counties on a public-facing dashboard.

- Counties will have ten business days to review the data before it is published.
- DHCS will address any data discrepancies identified by counties before posting the dashboard.
- DHCS plans to publish the first dashboard in May 2026.

DHCS plans to issue a subsequent letter with additional information related to Performance Standards Measures definitions and calculations.

If you have any questions, or if we can provide further information, please email DHCS at COMSCountyPerformanceStandardsQuestions@dhcs.ca.gov.

Sincerely,

Sarah Crow, Chief
Medi-Cal Eligibility Division