



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



EDMUND G. BROWN JR.  
Governor

May 15, 2014

Medi-Cal Eligibility Division Information Letter No.: I 14-28

TO: ALL COUNTY WELFARE DIRECTORS  
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: QUALITY CONTROL PILOT FOR MEDI-CAL DETERMINATIONS FOR THE  
REVIEW PERIOD OCTOBER 2013 THROUGH MARCH 2014

The purpose of this letter is for the Department of Health Care Services (DHCS) to inform counties that the Centers for Medicare and Medicaid Services (CMS) has instructed states to replace both the eligibility component of the Payment Error Rate Measurement (PERM) and the Medi-Cal Eligibility Quality Control (MEQC) programs with a series of new quality control pilot programs in response to the changes in regulations brought forth by the implementation of the Affordable Care Act. DHCS' last review month for both MEQC and PERM was September 2013, the end of the second base period for federal fiscal year 2012/13.

As required by federal guidance, DHCS submitted the first round pilot proposal to CMS in late December 2013, and received approval in early April 2014. The following are some of the more significant aspects of the new quality control requirements that may be of interest to counties:

- DHCS must submit four different pilot proposals over the next two federal fiscal years (2013/14 and 2014/15).
- For the initial pilot that started in May 2014, DHCS is reviewing a random sample from all Modified Adjusted Gross Income (MAGI) Medi-Cal and Children's Health Insurance Program determinations from the October 2013 to March 2014 timeframe.
- The sample size for the initial pilot is 200 determinations.

- Samples were selected from both active (beneficiaries who were determined to be eligible for services in the month of review) and negative (individuals whose services were denied or terminated in the month of review) determinations.
- DHCS is required to conduct a payment review to identify the extent to which improper payments were made for active case errors.
- DHCS is reviewing caseworker actions by both counties and Covered California service center staff.
- For the initial pilot, CMS will not release state-specific findings.

Please note that although the federal guidance does require corrective action plans (CAPs) to be provided for errors, DHCS will not be issuing CAPs to the counties for the time period of the pilot, which is October 1, 2013 to March 31, 2014. However, there may be instances when DHCS needs to consult with counties regarding errors caused by Eligibility Workers (EWs) which DHCS confirms are not due to system errors (CalHEERS, SAWS, NOA Functionality, etc.) or workaround policies. This consultation will be made to ensure adequate retraining or policy review is in place to avoid future errors.

If you have any questions please contact Mr. Warren Jorgensen at (916) 552-9442 or by email at [warren.jorgensen@dhcs.ca.gov](mailto:warren.jorgensen@dhcs.ca.gov).

Sincerely,

Original Signed By:

Tara Naisbitt, Chief  
Medi-Cal Eligibility Division