STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY GRAY DAVIS, Governor

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January 28, 2002

TO: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons
All County Health Executives
All County Mental Health Directors

Letter No.: 02-04

MEDI-CAL ELIGIBILITY QUALITY CONTROL (MEQC) GEOGRAPHIC SAMPLING PLAN (GSP) PILOT PROJECT

The purpose of this letter is to inform counties of the Centers for Medicare and Medicaid Services (CMS), formerly known as Health Care Financing Administration, approved extension of the GSP pilot project. The renewed GSP authorizes the Department of Health Services (DHS) to continue conducting geographic sampling of Medi-Cal Assistance Only (MAO) cases. The initial pilot was implemented on July 1, 1999, and was extended effective July 1, 2001, for the fiscal year 2000/2001. This All County Welfare Directors' letter provides information on the latest extension, which is effective July 1, 2002, for fiscal year 2002/2003.

## BACKGROUND

Prior to approval of the GSP pilot project, MEQC annually reviewed random samples of MAO cases for all 58 counties. The number of MEQC case reviews selected for each county was proportionate to its share of the statewide MAO beneficiary population. Because of this, small counties had only limited numbers of cases reviewed annually. These minimal numbers of case reviews may not have accurately reflected the performance of these counties in determining Medi-Cal eligibility. Under the renewed GSP, this revised sampling strategy provides for MEQC case reviews in the 25 large counties in terms of MAO population. In addition, Periodic Case Reviews (PCR) of at least ten cases will be conducted in each of the small counties on a periodic basis. This sampling strategy should minimize travel time and costs, increase MEQC efficiency, and enhance the accuracy and usefulness of county reports. In consideration of the GSP, the State agrees to maintain the level of MEQC effort.

## GEOGRAPHIC SAMPLING PILOT PROJECT

Based on the 2002/2003 GSP, MEQC case reviews will be conducted in the 25 large counties which comprise approximately 94 percent of the statewide MAO population. Continuation of the pilot allows the State to conduct PCRs of the 33 small counties. The PCRs shall provide more efficiency and accurate case sample information for the small counties. As a result of the extension of the GSP pilot project, the annual MEQC

coverage for the 25 large counties is projected to be 2854 cases. (14 cases monthly x 12 months x 17 staff persons). We anticipate completing an additional 200 cases through the PCR effort. As this will provide more MEQC data, it should ensure more accurate measurement of state and county performance in the MAO program as well as suggesting possible Focused Review (FR) issues.

Enclosed for your information is a chart of California counties MAO population size. The chart reflects the MAO population for August 2001 month of eligibility. The 33 small and 25 large counties are identified as well as the MAO numbers for each county.

In the initial phase of the GSP pilot project, Program Review Section (PRS) reviewed ten randomly selected cases for each of the 33 small counties. This phase was completed in June 2001. MEQC staff did not do home visits or third party verifications during the initial phase of the PCRs. However, MEQC staff continued to run Income and Eligibility Verification System and Medi-Cal Eligibility Data System matches for the cases reviewed. This initial phase of the PCRs provided for enhanced MEQC coverage of small county MAO eligibility efforts and also provided criteria for future PCR prioritizations. This initial limited-scope of PCRs is being followed by more detailed and focused sampling reviews. Subsequently, 10 to 50 cases are being reviewed for the current phase of PCRs utilizing a matrix which includes the following:

- MAO population in the county
- Results of prior PCRs
- Loss potential
- Prior MEQC and FR activity

The findings for the initial PCR were reported to each county in a summary report. The findings were for the county's information and consideration.

CMS's approval of the GSP pilot project freezes the MEQC dollar error rate for the State of California at 0.635 percent. This percent is the computed dollar error rate for fiscal year 1997, the most recently completed MEQC period prior to the inception of the GSP pilot project. The terms of the GSP pilot project preclude MEQC fiscal repercussions or sanctions for the duration of the pilot project.

As a part of the extension effective July 1, 2002, the dollar threshold level for a citeable Medi-Cal error will increase from the current $250 to $400. Any discrepancy in the share of cost which is below $400 will be reported as a procedural error, not a citeable error. This dollar error threshold increase will allow both PRS and county Medi-Cal program staff to focus attention on significant dollar issues. However, all MEQC

findings will continue to be reported to the counties for corrective action where appropriate, including dollar discrepancies of less than $400.

DHS provides an annual report to CMS on the findings of the MEQC pilot project. We anticipate that the pilot will be renewed annually and will continue for an indefinite period of time.

**ACCOMPLISHMENTS**

Under the GSP pilot project thus far, PRS has achieved the following accomplishments:

- Due to refinements in the MEQC review process, the number of MEQC case reviews have increased from 1,500 annually in 1998/1999 to an estimated 3,000 MEQC reviews in 2002/2003.
- Much more reliable data concerning error trends has resulted from limiting MEQC reviews to the 25 large counties.
- Coverage of the small counties has increased from as few as one or two cases annually to a minimum of ten cases as part of the PCR process.
- The dollar error threshold has increased from $5, which had been in effect since at least 1979 to June 30, 1999, to $400 effective July 1, 2002.

**SUMMARY**

In addition to the random samples for the 25 large counties, the use of PCRs for the 33 small counties will increase efficiency and use of MEQC staff time and enhance accuracy of reported findings. DHS is confident the extension of the pilot project effective July 1, 2002, will continue to provide counties with more complete MEQC information and assist in our common quest for excellence in the Medi-Cal eligibility determination process.

If you have any questions, please contact Mr. John Lim of my staff at (415) 904-9702.

Sincerely,

ORIGINAL SIGNED BY

Richard Brantingham
Acting Chief
Medi-Cal Eligibility Branch

Enclosure

Enclosure I

**PROPOSED GSP LARGE AND SMALL COUNTIES**
**FOR APRIL 2002 THROUGH SEPTEMBER 2002**
**OCTOBER 2002 THROUGH MARCH 2003**
**MEDI-CAL ELIGIBILITY QUALITY CONTROL SIX MONTH BASE PERIODS**

| **25 Largest Counties (94% of the Statewide MAO Population)** | |
|---|---|
| Los Angeles | 821190 |
| Orange | 119937 |
| San Diego | 97987 |
| San Bernardino | 87684 |
| Fresno | 79467 |
| Riverside | 72309 |
| Santa Clara | 60726 |
| Sacramento | 59656 |
| Kern | 56940 |
| Tulare | 44781 |
| Ventura | 40343 |
| Stanislaus | 38678 |
| Alameda | 37979 |
| San Joaquin | 31788 |
| San Francisco | 30775 |
| Contra Costa | 29782 |
| Monterey | 24949 |
| Merced | 24427 |
| Santa Barbara | 23812 |
| San Mateo | 17316 |
| Solano | 15595 |
| Imperial | 14583 |
| Butte | 13955 |
| Sonoma | 13888 |
| Santa Cruz | 11679 |
| | 1870226 |

| **33 Smallest Counties (6% of the Statewide MAO Population)** | |
|---|---|
| Kings | 11023 |
| Shasta | 10548 |
| San Luis Obispo | 10139 |
| Yolo | 9214 |
| Madera | 8402 |
| Humboldt | 7452 |
| Sutter | 6501 |
| Placer | 5340 |
| Mendocino | 4881 |
| Napa | 4806 |
| El Dorado | 4243 |
| Marin | 4225 |
| Yuba | 3759 |
| Tehama | 3483 |
| Lake | 3033 |
| Nevada | 2796 |
| Siskiyou | 2545 |
| Tuolumne | 2180 |
| San Benito | 2011 |
| Colusa | 1997 |
| Del Norte | 1979 |
| Glenn | 1946 |
| Calaveras | 1636 |
| Lassen | 1263 |
| Inyo | 1249 |
| Amador | 1139 |
| Plumas | 983 |
| Mariposa | 816 |
| Modoc | 738 |
| Trinity | 536 |
| Mono | 262 |
| Sierra | 130 |
| Alpine | 89 |
| | 121344 |

*Data from August 2001* *Medi-Cal Beneficiary Count Report*
*Medically Indigent and Medically Needy*