

DEPARTMENT OF HEALTH SERVICES

714/744 P STREET

SACRAMENTO, CA 95814

(916) 445-1912



October 26, 1982

To: All County Welfare Directors

Letter No. 82- 56

MEDI-CAL QUALITY CONTROL CHANGES REQUIRED BY AB 799

AB 799, Section 12 (Chapter 328, Statutes of 1982) modified by SB 2012, Section 28 (Chapter 1594, Statutes of 1982) mandates the Department of Health Services to expand its quality control review of Medi-Cal case records and to take certain steps to insure the accurate determination of Medi-Cal eligibility. The purpose of this letter is to inform counties of these changes in the Department's responsibilities and to provide you with information regarding the Department's implementation plan.

In order to comply with the new state law the Department's Quality Control and Evaluation Branch has begun an onsite review of a random sample of Medi-Cal cases in those sixteen counties with the largest Medi-Cal populations (See Attachment I). These reviews should be completed in March, 1983.

The Department is also required to establish annually a dollar error rate standard which shall be the basis for computing a county's liability for Medi-Cal eligibility and share of cost determination errors beginning with the 1983/84 fiscal year. The first statewide Medi-Cal dollar error rate standard will be calculated using the data collected from the case reviews currently being conducted in the sixteen largest counties and the dollar amounts paid for benefits received due to eligibility errors.

Additionally the Department is required to pass on to counties a portion of federal fiscal sanctions imposed on the Department if California's Medicaid eligibility dollar error rate is above federally established tolerance levels.

Finally, the Department may recoup from a county the additional administrative or program benefit costs above those costs which would have been incurred had the county not contravened the established state eligibility processing procedures.

The Department is currently in the process of developing appropriate regulatory language on the annual dollar error rate standard. We plan to seek county involvement in the development of these regulations through an advisory group. A public hearing on the proposed dollar error rate standard regulations is scheduled for March, 1983. Prior to the public hearing the proposed regulations will be made available to the counties.

All County Welfare Directors

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For your reference we have attached a copy of SB 2012, Section 28 which contains the same wording found in AB 799, Section 12 with the exception of the two modifications to AB 799 shown in *italic*. Paragraphs (b), (d) & (e) are the portions which set forth departmental responsibilities.

Please send any comments you wish to make at this time on the Medi-Cal dollar error rate standard to Wade J. Williams, Chief, Quality Control and Evaluation Branch, 714 P Street, Room 650, Sacramento, CA 95814. It will be most helpful if we could receive your comments no later than November 15, 1982.

Comments on the other portions of the legislation may be sent to Carol Goodman, Chief, Eligibility Standards Section, 714 P Street, Room 1692, Sacramento, CA 95814.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief
Medi-Cal Eligibility Branch

Attachments

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Attachment I

Sixteen largest counties based on Medi-Cal population.

Alameda

Contra Costa

Fresno

Kern

Los Angeles

Orange

Riverside

Sacramento

San Bernardino

San Diego

San Francisco

San Joaquin

Santa Clara

Stanislaus

Tulare

Ventura

1 applicant statements, or conduct a full and complete
2 investigation of such statements, whenever such a
3 verification or investigation is warranted in the judgment
4 of the county department.

5 (f) If documentation is unavailable, as defined in
6 regulations promulgated by the department, the
7 applicant's signed statement as to the value or amount
8 shall be deemed to constitute verification.

9 *SEC. 27. Section 14011.5 is added to the Welfare and*
10 *Institutions Code, to read:*

11 *14011.5. The department shall be responsible for*
12 *establishing the necessary systems for the identification,*
13 *review and approval, disbursement, and reimbursement*
14 *systems for those health services provided to the*
15 *medically indigent population eligible for federal*
16 *reimbursement under the Refugee/Cuban Haitian*
17 *Entrant Program.*

18 *SEC. 28. Section 14016 of the Welfare and Institutions*
19 *Code is amended to read:*

20 14016. (a) The county in which the person resides,
21 except as specified in subdivision (c), shall determine the
22 eligibility of, each person pursuant to Sections 14005.1,
23 14005.4, and 14005.7 and Article 4.4 (commencing with
24 Section 14140) of this chapter, except that the
25 department may contract with the federal Social Security
26 Administration for the determination of Medi-Cal
27 eligibility of persons eligible under Title XVI of the Social
28 Security Act. Upon termination of such assistance, the
29 county shall determine whether the person remains
30 eligible for Medi-Cal coverage under one of these
31 sections.

32 (b) The department shall institute an eligibility
33 quality control program, with onsite state auditors who
34 shall verify the eligibility determination of a statistically
35 valid sampling of persons in each county granted
36 Medi-Cal eligibility under Section 14005.4, 14005.7, or
37 14005.8 or Article 4.4 (commencing with Section 14140)
38 of this chapter. The department shall report to the
39 Legislature in May 1982, on the results of the quality
40 control and on findings of errors.

1 (c) When family members maintain separate
2 residences, but eligibility is determined as a single unit
3 because of the provisions of Section 14008, the county in
4 which the parent or parents reside shall determine the
5 eligibility for the entire unit.

6 (d) In administering the provisions of law and
7 regulations related to eligibility determination the
8 director shall impose such sanctions as provided by this
9 section to assure adequate county administrative
10 performance.

11 (e) (1) The director shall hold counties financially
12 liable for payments made on behalf of ineligible persons
13 or persons with an incorrect share of cost as represented
14 by a dollar payment error rate. There shall be established,
15 annually, a dollar error rate standard which shall be the
16 basis for computing a county's liability under this section
17 commencing with the budget for the 1983-84 fiscal year
18 to be applied on January 1, 1984. The standard for the
19 1983-84 fiscal year shall be developed by ~~January~~ April 1,
20 1983, and the department shall submit a report to the
21 Legislature pertaining to development of that standard
22 by July 1, 1983. For those counties which exceed the dollar
23 error rate standard, liability shall not exceed the product
24 of the dollar payment error rate in excess of the standard
25 multiplied by the total expenditures paid under the
26 program. The director may grant exceptions to these
27 counties if the department is unable to establish a
28 statistically valid sample or if the error in an individual
29 county rate is above the standard due to natural disaster,
30 job actions, or other occurrences as determined by the
31 director.

32 (2) Notwithstanding the provisions of paragraph (1),
33 if fiscal sanctions are imposed by the Department of
34 Health and Human Services against the State
35 Department of Health Services as a result of California's
36 eligibility dollar error rate being above the federally
37 established tolerance level for the Medicaid Quality
38 Control program, the director shall pass on to the
39 counties that portion of the sanction which can be
40 attributed to an individual county's failure to properly

1 apply state laws and regulations. The State Department
2 of Health Services shall develop a methodology for
3 determining the amount of federal fiscal sanctions which
4 shall be passed on to individual counties.

5 (3) When a county welfare department contravenes
6 state eligibility processing regulations and written
7 instructions in a way that produces increased program
8 benefits or administrative expenses but doesn't result in
9 an increase in the eligibility dollar error rate, the director
10 shall recoup from that county: the additional
11 administrative or program benefit costs above those
12 which would have been incurred had that county not
13 contravened the established state eligibility processing
14 regulations and written instructions. *This section shall*
15 *not be construed to interfere with the rights of counties*
16 *to out-station eligibility staff.*

17 SEC. 29. Section 14019.1 of the Welfare and
18 Institutions Code is amended to read:

19 14019.1. Any adult at least 21 years of age, who is
20 eligible for services pursuant to Section 14005.4, except
21 for an adult residing in a skilled nursing or intermediate
22 care facility; *or a woman of any age with a confirmed*
23 *pregnancy*, shall not be eligible to receive services under
24 this chapter for any of the three months immediately
25 prior to the month in which application is made.

26 This section shall remain in effect only until January 1,
27 1983, and on that date is repealed.

28 SEC. 30. Section 14021.5 of the Welfare and
29 Institutions Code is amended to read:

30 14021.5. (a) Notwithstanding any other provision of
31 law, rates for reimbursing Short-Doyle mental health and
32 drug services allowable under the Medi-Cal program and
33 rendered to Medi-Cal beneficiaries under the
34 Short-Doyle program shall continue to be based on the
35 upper limits allowable under federal law and regulations
36 for ~~service~~ services provided prior to July 1, 1980, ~~and~~ on
37 the lower of reasonable cost and customary charges for
38 services ~~rendered~~ *provided July 1, 1980*, through June 30,
39 ~~1983~~ 1982, *and on the lowest of reasonable cost, customary*
40 *charges, and rates paid by the Short-Doyle program for*