



Medicaid Eligibility Reviews

Potential Regulatory Changes



Medicaid and CHIP Payment and Access Commission

Moira Forbes

Overview

- On April 13 the Office of Management and Budget began review of a draft rule regarding changes to the Medicaid Eligibility Quality Control (MEQC) and Payment Error Rate Measurement (PERM) programs in response to the Affordable Care Act
- Anticipate that a notice of proposed rulemaking will be published in 2016

MEQC and PERM Background

- Federal rules require two different retrospective reviews of Medicaid eligibility determinations
 - Medicaid Eligibility Quality Control (MEQC)
 - Payment Error Rate Measurement (PERM)
- MACPAC and others have identified challenges with having two separate reviews
 - Rules overlap and do not align well with each other
 - Rules do not align with the changes in eligibility policies and processes required by the ACA
 - Compliance requires significant level of effort

Previous Recommendations

- The Secretary should ensure that current program integrity efforts make efficient use of federal resources and do not place an undue burden on states or providers.
- In collaboration with the states, the Secretary should:
 - Create feedback loops to simplify and streamline regulatory requirements;
 - Determine which current federal program integrity activities are most effective; and
 - Take steps to eliminate programs that are redundant, outdated, or not cost-effective.

MEQC and PERM Background

- MEQC and PERM programs have different goals
 - MEQC: to measure, identify, and eliminate or reduce dollar losses as a result of erroneous eligibility determinations
 - PERM: to measure improper payments in Medicaid and CHIP and produce error rates for each program to comply with the Improper Payments Information Act (IPIA) of 2002
- MEQC and PERM are implemented differently

MEQC and PERM Do Not Align with Each Other or the ACA

- Rules for conducting MEQC and PERM reviews overlap but do not align
- ACA created changes to eligibility processes but current review standards do not provide good information on their accuracy

Initial Alignment Activities

- In 2009, Congress directed CMS to coordinate implementation and reduce redundancies
 - CMS allowed states to use PERM data to satisfy MEQC requirements and vice versa, in certain circumstances
 - CMS was unable to substantially harmonize the two programs due in part to statutory barriers
- In 2013, CMS temporarily replaced both PERM and MEQC with a three-year pilot, later extended for an additional year

Early Pilot Results Are Informing Review Processes

- Identified vulnerabilities in processes and systems
 - Caseworkers or systems did not properly establish household composition or income level
- Provided states with feedback on processes
 - Improper requests for additional information
 - Failure to send appropriate notices for denied cases
 - Failure to transfer denied cases to marketplaces
- States are implementing corrective actions (e.g., caseworker training, systems fixes)

Extended Pilots Will Test New Review Approach

- CMS will use a federal contractor to conduct eligibility reviews
 - Federal contractor model will be pilot tested in one third of states in FY 2017
 - Remaining states will conduct focused pilots
- Federal contractor model intended to reduce burden on states and improve consistency
- Similar to model used to measure accuracy of claims payments

Potential Areas to Be Covered in a New Rule

- Implementation of federal contractor model
- Clearer differentiation between PERM and MEQC to reduce overlap
 - PERM: focus on eligibility errors
 - MEQC: focus on eligibility quality control
- Changes to review process to reduce state burden
 - PERM: federal reviews, conducted every third year
 - MEQC: state reviews, conduct in non-PERM years

Possible Areas for Comment

- Administrative burden for states
- Support for elimination of programs that are redundant, outdated, or not cost-effective



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