GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL

AUDIT OF THE ELIGIBILITY DETERMINATION PROCESS FOR ALLIANCE AND MEDICAID PARTICIPANTS

CHARLES J. WILLOUGHBY
INSPECTOR GENERAL

OIG No. 10-1-16HT **March 15, 2013**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

March 15, 2013

David A. Berns, M.P.A.
Director
Department of Human Services
64 New York Avenue, NE, 6th Floor
Washington, D.C. 20002

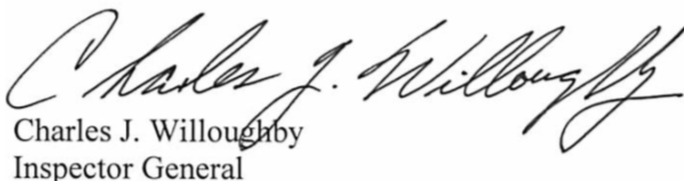
Dear Mr. Berns:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG's) Audit of the Eligibility Determination Process for Alliance and Medicaid Participants (OIG No. 10-1-16HT). This audit was included in the OIG's Fiscal Year 2010 Audit and Inspection Plan.

As a result of our audit, we directed five recommendations to the Department of Human Services (DHS) for action we consider necessary to correct identified deficiencies. DHS provided a written response to a draft of this report on January 18, 2013. We consider DHS's actions taken and/or planned to be responsive to recommendations 1, 2, 4, and 5. Although, DHS agreed with recommendation 3, its planned action does not meet the intent of our recommendation. We request that DHS reconsider its position taken or actions planned on recommendation 3 and provide a revised response to us within 60 days of the date of this final report. The full text of the DHS response is included at Exhibit B.

We appreciate the cooperation and courtesies extended to our staff by the DHS personnel. If you have questions, please contact me or Ronald W. King, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles J. Willoughby
Inspector General

CJW/ph

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ACRONYMS

ACEDS	Automated Client Eligibility Determination System
CAFR	Comprehensive Annual Financial Report
DCAS	DC Access System
DHCF	Department of Healthcare Finance
DHS	Department of Human Services
DOH	Department of Health
ESA	Economic Security Administration
FY	Fiscal Year
FSET	Food Stamp Employment and Training Program
IMA	Income Maintenance Administration
IV-E	Title IV-E - Adoption Assistance and Foster Care Programs of the Social Security Act
MCO	Managed Care Organization
OIG	Office of the Inspector General
PARIS	Public Assistance Reporting Information System
TANF	Temporary Cash Assistance for Needy Families
SNAP	Supplemental Nutrition Assistance Program
SSI	Supplemental Security Income
SSDI	Social Security Disability Income
SSN	Social Security Number
SSR	Social Service Representatives

TABLE OF CONTENTS

EXECUTIVE DIGEST i

INTRODUCTION 1

BACKGROUND 1

OBJECTIVES, SCOPE, AND METHODOLOGY 2

PRIOR REVIEWS 3

FINDING AND RECOMMENDATIONS

FINDING: IMPROVING RELIABILITY OF ESA APPLICANT SUPPORTING DOCUMENTATION AND ACEDS RECIPIENT DATABASE 4

EXHIBITS 15

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT 15

EXHIBIT B: DHS'S RESPONSE 16

EXECUTIVE DIGEST

OVERVIEW

This final report summarizes the results of the Office of the Inspector General's (OIG) Audit of the Eligibility Determination Process for Alliance and Medicaid Participants. This audit was included in the OIG's fiscal year (FY) 2010 annual audit plan and is part of our continuous review of the District's Medicaid program.

The objective of this audit was to determine whether Alliance and Medicaid participants met eligibility requirements. This audit is one of several Medicaid program audits that we will perform on an ongoing basis, due to Medicaid being a major risk area and a significant portion of the District's annual budget.

CONCLUSIONS

This report contains one finding that details the conditions found during our audit. Specifically, D.C. Department of Human Services (DHS), Economic Security Administration (ESA) eligibility case files did not provide assurance that ESA's classification of applicants' eligibility for medical assistance was reliable.

Our review found that 21 of 101 (21%) applicant files reviewed did not have adequate support to justify elements of eligibility, and ESA could not locate or account for 33 of 134 (25%) applicant files that we requested. DHCF paid $969,938 in claims on behalf of these recipients. We also found that five of the 101 sampled recipient files contained recertifications that were not processed timely; in one of those cases, the D.C. Department of Healthcare Finance (DHCF) paid $5,063 in undeserved Medicaid benefits before ESA discovered that the recipient had left the District.

These conditions occurred because DHS's ESA: (1) accepted documentation supporting eligibility criteria that was weak and unreliable; 2) did not have a policy and procedures manual to detail the type and quality of support that should be required for processing applicant eligibility; and (3) did not follow their own policies in recertifying some recipients. As a result, ESA could not be assured that only authorized recipients were receiving medical assistance and services provided by other support programs established for poor residents of the District.

SUMMARY OF RECOMMENDATIONS

We directed five recommendations to DHS. The recommendations focused on:

- Establishing sufficient controls in the eligibility process to ensure that beneficiaries timely meet the requirements for authorization and recertification to obtain benefits.

EXECUTIVE DIGEST

- Determining the location of the 33 files missing during our review and reporting back to us the results.

- Developing a set of standard operating procedures to ensure applicant information is accurate and verifiable during both initial and recertification eligibility processing.

- Researching and developing data mining techniques to ensure that Automated Client Eligibility Determination System (ACEDS) data files are more reliable. Reviewing the eligibility application, considering moving attestations to the end of the application, and clearly stating the penalties for false statements.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

MANAGEMENT RESPONSE AND OIG COMMENTS

The Director of DHS initially provided a written response to this report regarding individual recipient eligibility issues on September 11, 2012, but did not respond to the recommendations. By separate correspondence on January 18, 2013, DHS provided additional written responses to address the report recommendations. We consider DHS's actions taken and/or planned to be responsive to recommendations 1, 2, 4, and 5. Although, DHS agreed with recommendation 3, its planned action does not meet the intent of our recommendation. We request that DHS reconsider its position taken or actions planned on recommendation 3 and provide a revised response to us within 60 days of the date of this final report. The full text of the DHS response is included at Exhibit B.

INTRODUCTION

BACKGROUND

Under the Department of Human Services, the Economics Security Administration (ESA) (formerly the Income Maintenance Administration (IMA)) determines District residents' eligibility for benefits. Eligibility is determined under the Temporary Cash Assistance for Needy Families (TANF), Medical Assistance, Supplemental Nutrition Assistance Program (SNAP), Child Care Subsidy, Burial Assistance, Emergency Rental Assistance, Interim Disability Assistance, and Refuge Cash Assistance programs. In addition, ESA's Food Stamp Employment and Training Program (FSET) provide employment and training services to able-bodied adults without dependents who receive food stamps. ESA also performs monitoring, quality control, and reporting functions required by federal law.

Another important ESA function is recertification of eligibility. Once entitlement for medical assistance is determined and enrollment established, financial and family conditions can change, thereby suspending or terminating eligibility. For example, a recipient could experience an increase in income; acquire a job with healthcare benefits; change domicile; or become deceased, rendering them ineligible for benefits. The recertification process ensures that only qualified beneficiaries continue to receive medical assistance and other authorized benefits.

Applicants who qualify for medical assistance are generally provided healthcare coverage through Medicaid, funded in part by the federal government or through the locally funded DC Alliance program. Once approved, ESA communicates eligibility for benefits to the Department of Health Care Finance (DHCF), which in turn pays healthcare providers for medical assistance received. In September 2010, Medicaid and DC Alliance included 156,312 and 25,483 members, respectively. Payments for healthcare coverage for these two programs totaled approximately $ 1.9 billion in fiscal year (FY) 2010.

Enrollment of applicants occurs at ESA headquarters, four decentralized service centers, and various outstations located in low-income neighborhoods throughout the city. The enrollment and recertification process is completed using the Automated Client Eligibility Determination System (ACEDS). ESA personnel communicate with ACEDS through computer terminals located at enrollment locations, and then ACEDS communicates with DHCF's Omnicaid system to add or delete authorized recipients for appropriate medical assistance.

The application process for obtaining benefits has been the subject of several audits and newspaper articles. *The Washington Post* reported on January 19, 2010, that income maintenance service centers were having trouble keeping up with the demand because of the

INTRODUCTION

10 percent unemployment rate of the District's poor.[1] The article indicated that at the time, service centers were understaffed, creating prolonged waiting time delays. Subsequently, two service centers were closed to allow for full staffing of the remaining five centers but those promises were stymied by the recession.

The District's FY 2010 Comprehensive Annual Financial Report (CAFR) identified missing applicant eligibility data with regard to medical assistance and other programs for the poor. Prior to the establishment of DHCF in 2008, the D.C. Department of Health (DOH) hired a CPA firm to review eligibility of applicants for the DC Alliance Program. The CPA firm's report concluded, *inter alia*, that ESA should review and enhance enrollment policies and procedures and improve documentation of case files.

During our audit, ESA officials informed us that they were undertaking a comprehensive project to automate applications and supporting documentation files to address some of the issues discussed in this report. ESA explained that the manual files were in disarray because of the automation effort and that was probably the reason for the missing files.

The Mayor's FY 2012 budget proposal indicated planned savings of $11.7 million by tightening Alliance program eligibility. Specifically, the plan called for mandatory face-to-face interviews for 6 month recertification's and placement of Medicaid eligibility limits for District residents through agency rulemaking.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine whether Medicaid and Alliance participants met eligibility requirements. To accomplish our objective, we reviewed applicable laws, policies, and procedures related to the establishment of, and qualifications for, medical assistance benefits. We obtained an understanding of ESA's processes and procedures for enrolling and recertifying medical assistance beneficiaries.

We requested and received automated copies of eligibility determinations from ACEDS and calculated benefits received by 17 sampled recipients. We also visited decentralized service enrollment centers, observed the eligibility enrollment process, and interviewed ESA and DHCF officials. In order to form an opinion on the adequacy and completeness of the information collected, we reviewed manual files containing eligibility determination documentation used by ESA staff to approve medical assistance benefits.

[1] Tim Craig, *Frustration Amount Poor D.C. Residents Grows at Understaffed Assistance Center,* WASH. POST, Jan. 19, 2010, *available at* washingtonpost.com.

INTRODUCTION

Finally, we benchmarked District Medicaid eligibility application forms against those used by Maryland and Virginia agencies to determine whether the District could improve its application processes.

The scope of our audit covered eligibility application determinations and recertification's occurring in FY 2010. It is our intention to cover comprehensively Medicaid and DC Healthcare Alliance (Alliance) eligibility in future audits.

We relied on computer-processed data to determine eligibility applicant program size as well as ACEDS to crosscheck selected case files to verify recipient eligibility.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR REVIEWS

In January 2007, DOH contracted with a local CPA firm to review ESA functions relating to the Alliance Program. On January 21, 2008, the firm issued a report entitled *Review of Income Maintenance Administration Enrollment /Eligibility Verification Process for the DC Healthcare Alliance Program*, which documented deficiencies with regard to the adequacy of records used to verify eligibility, residency, and recertification. The report also identified inaccuracies and omissions in ACEDS data.

FINDING AND RECOMMENDATIONS

FINDING: IMPROVING RELIABILITY OF ESA APPLICANT SUPPORTING DOCUMENTATION AND ACEDS RECIPIENT DATABASE

SYNOPSIS

ESA eligibility case files did not provide assurance that ESA's classification of applicants as eligible for medical assistance was reliable. ESA could not account for 33 of 134 (25%) sampled applicant files. Additionally, 21 of 101 (21%) applicant files reviewed did not have adequate support to justify elements of eligibility and five recertifications within the sample were not processed timely.

These conditions existed because ESA accepted documentation supporting eligibility criteria that was inadequate and unreliable. ESA did not have a policy and procedures manual to detail the type and quality of support that should be required and lacked follow-up procedures to verify information during the application process. Also, the application form requires a recipient's attestation or signature prior to asking for any information. This format may lend itself to increased submission of erroneous applicant data. As a result, up to 44%[2] of recipients sampled may be receiving payments for a variety of programs for which they are not entitled.

DISCUSSION

ESA is responsible for enrolling District residents into various medical assistance programs available to low income individuals. In order to receive these benefits, applicants must provide certain information to show they are qualified to receive them. Specifically, applicants must provide proof of their identity, District residency, citizenship status, and income. The process for determining eligibility includes meeting with ESA Social Service Representatives (SSRs), who request and collect proof of eligibility criteria and enter supported data into ACEDS. SSRs also create client case files of supporting documentation and authorize eligibility.

We selected a statistical sample of 134 client files and performed a review of supporting documentation to determine identity, residency, citizenship, and income. ESA could not locate 33 of the requested files,[3] limiting our actual review to the 101 remaining files.

[2] Thirty-three missing files plus 21 files with questionable documentation and 5 untimely recertified files, divided by 134 sampled files.
[3] According to ESA officials, there was a project ongoing to convert paper applicant files to automated media during our review and the missing files were probably misplaced during that effort.

FINDING AND RECOMMENDATIONS

We found the following issues, which we believe compromise the validity of the information:

1. Twenty-one of 101 case files did not have sufficient data to provide assurance that the information was valid.

2. Five of 101 case files showed no evidence of timely recertification by ESA.

Insufficient Validation Data. IMA Policy Manual Part VIII, Section 1.1 states, in part, "The department is accountable for validating the information used to determine program eligibility. Case records provide written documentation of the actions taken by the Department and the reasons for those actions. The department is accountable for maintaining accurate records."

According to Section 1.16.2 of the policy manual, acceptable documentation for identity, citizenship, residency, and income may include, but cannot be limited to, the following:

- driver's license;
- D.C. issued non-drivers I.D.;
- school I.D.;
- documents which indicate a client's receipt of benefits under another program which requires verification of identity, such as [Supplemental Security Income (SSI)] or [Social Security Disability Income (SSDI)];
- birth certificate;
- Social Security card;
- paystubs;
- voter registration card;
- employee identification card;
- library card;
- passport;
- I.D. issued by the Public Housing Authority;
- I.D. card issued from previous eligibility, including a copy of the photo I.D. card in the applicant's previous case record; and
- contact with a third party agreeable to the SSR and applicant who can identify the client.

During our review of the 101 applicant files, we identified 25 instances in 21 files where supporting documentation was insufficient to assure that ESA personnel were able to adequately validate eligibility. This equates to approximately 21 percent of the files reviewed.

FINDING AND RECOMMENDATIONS

Some of the applicant files either did not contain documentation supporting MA eligibility or lacked creditability alone to be reliable. Specifically:

- Seventeen recipients provided only personal letters written by a landlord, a roommate, or themselves supporting residency in the District.
- Eight recipients did not provide proof of citizenship.
- Five recipients' files contained no proof of personal identification.

We totaled the value of claims paid on behalf of the 33 recipients whose files were missing and the 21 recipients with questionable file documentation and found that DHCF paid $969,938 in FY 2010, or an average of $17,962 per client.

An evaluation of the claims paid for the 17 recipients referenced in the first bullet above indicated that most of the recipients were Managed Care Organization (MCO)[4] members, which limited the District's expense to premium payments of about $1,500 per year. In fact, District-wide, 59 percent[5] of Medicaid and Alliance recipients are covered by an MCO.

Identification and residency supporting documentation met ESA Manual standards but, in our opinion, some of the standards are not sufficiently stringent and need additional support to be credible. For example, in our sample, most of the supporting documentation for District residency consisted of letters from landlords, roommates, or the applicants themselves.

Although ESA Policy allows for these letters, we believe the predominance of the letters and their inherent weakness as proof of residency needs to be further supported. For example, a signed lease is more credible evidence of District residency than a letter from a landlord. ESA should establish a process whereby applicants with questionable documentation are required to submit additional proofs to satisfy eligibility and timeliness requirements.

Untimely Recertification

During our review, we identified five instances where recertification of an applicant was not conducted in a timely manner. The recertification process involves recipients providing updated information to have their program eligibility recertified or re-determined by ESA for additional periods of time that differ by program.

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[4] MCOs are health insurance plans intended to reduce unnecessary health care costs through a variety of mechanisms, including economic incentives for physicians and patients to select less costly forms of care. The District pays monthly premiums on behalf of Medicaid recipients to the MCO, which in turn pays healthcare providers for MCO-approved healthcare procedures.

[5] Per the Kaiser Foundation State Medicaid Factsheet as of July 1, 2010, *available at* statehealthfacts.kff.org/profileind.jsp?cat=4&sub=6&rgn=10&print=1 (last visited Mar. 13, 2012).

FINDING AND RECOMMENDATIONS

ACEDS will automatically generate a notice 90 days prior to the end of the current certification period. The notice includes the actual recertification form and informs the recipient that it is time to have his/her case recertified in order to determine continuing medical assistance eligibility. Medical assistance cases that are not recertified prior to the end of the current certification period are automatically terminated by ACEDS.

According to Section 4.1 of ESA Policy Manual Part VIII, "The recertification process must be completed within set time frames. No [MA enrollees] may participate . . . beyond the end of their certification period unless they submit a signed recertification and complete the recertification process." Two exceptions to this requirement are when the agency either fails to provide the group with an opportunity to recertify or is seeking additional information to complete a recertification.

ESA recertification guidance does not describe the required timeline for recertification; however, the Salazar Court Order[6] can be used as the lawful requirement specifically:

> The *Salazar* court order governs how Medicaid applications filed on behalf of groups who are not categorically eligible (i.e., groups composed of TANF recipients, [General Assistance for Children] recipients, SSI recipients, children in foster care, department wards, or children receiving IV-E foster care payments or IV-E adoption assistance benefits . . . and groups who are not applying based on disability are to be processed. It requires the following:
>
> - Covered Medicaid applications are to be processed within 45 days;
> - If an application is not processed within 45 days, the Department will automatically deem it eligible for not less than three months; and
> - All recertifications must be registered in ACEDS as soon as they are received, if they are signed. [[7]]

[6] The *Salazar* court order relates to a suit filed by District Medicaid recipients in 1993 for alleged violations of the Medicaid Act, 42 U.S.C. § 1396 *et. seq*. According to the website of Terris Pravlik & Millian, LLP, counsel for the class plaintiffs, "The case alleged that the District of Columbia failed to deem newborns to mothers on Medicaid immediately eligible, failed to provide the opportunity to apply for Medicaid at clinics and hospitals, failed to decide Medicaid applications in 45 days, terminated people from Medicaid without adequate notice, and failed to notify families about and provide comprehensive child health services under the EPSDT (early and periodic, screening, diagnosis and treatment) program. After a trial at which the plaintiff class prevailed, the case settled while an appeal was pending, and the firm continues to monitor the District's compliance with a comprehensive injunctive order." Http://tpmlaw.com/lawyer/Notable_Cases_cp1175.htm (last visited July 30, 2012).

[7] ESA Policy Manual, Part 1, Section 2.2.6.

FINDING AND RECOMMENDATIONS

Table 1 below provides the details of the five instances of untimely recertification found during our review.

Table 1. Listing of Untimely Recertifications.

Case Number	Date Recertification Reply Received by ESA	Date Recertification Approved	Time Delay
268132	06/05/2009	04/20/2010	10 months
458410	05/10/2010	11/04/2010	6 months
515048	02/05/2010	08/05/2010	6 months
330622	03/12/2010	08/12/2010	5 months
519232	04/21/2010	N/A	N/A

The recipient in case number 519232 was never recertified due to the recipient's relocation out of the District. ESA received a blank reply to its recertification letter in April 2010, but it was not until February 2011, that ESA made this discovery. As a result, the recipient remained active throughout the period and the District paid $5,063 in undeserved medical assistance benefits. When DHCF discovers an ineligible recipient, it refers the matter to the Office of Attorney General and the OIG's Medicaid Fraud Control Unit for prosecutorial consideration.

ESA Policy Manual Part IV, Section 4.5 states that "[d]isposition of a recertification must not be delayed when verification requirements can be met by material already available to the SSR. Information already included in the case record (e.g., copy of birth certificate or social security card, etc.) or verifiable through ACEDS should be used."

ESA should have controls to ensure that recertification of benefits is processed in a timely manner. Eligible and authorized recipients should be confident in knowing that they will continue to receive benefits, and District officials should have assurance that those recipients whose change in circumstances render them ineligible are removed timely from the rolls.

Discussions with ESA management disclosed that although ESA operates under the guidance of the previous IMA Policy manual, ESA did not have a policies and procedures manual that

FINDING AND RECOMMENDATIONS

provided appropriate and detailed questions for processing applications and recertification to ensure timeliness and reliability of documentation supporting program eligibility.

Eligibility Application

The first page of the eligibility application form requires the applicant to sign an attestation statement affirming that all information is true and accurate. By signing this section, the applicant also authorizes ESA to obtain information from the applicant's employer, landlord, bank, and utility company. It explains that the applicant is to provide only truthful answers or the applicant may be breaking the law and notifies the applicant that by signing the form, he/she agrees to follow the rules for receiving benefits. The application contains five additional pages of questions related to the conditions under which the applicant might qualify for benefits.

We obtained copies of benefits applications for Maryland and Virginia and noted that applicants in those jurisdictions are required to answer similar questions and then sign an attestation that their responses were truthful. The Maryland and Virginia forms also contained a warning against the making of false statements and described the penalty for the same. We believe ESA should reposition the signature section on its form to the back of the application, after an applicant has answered all questions, and strengthen the explanation of penalties for providing false information. These changes may deter the submission of fraudulent claims.

Accuracy of ACEDS Data

ACEDS contains eligibility data provided by applicants to ESA SSRs. These records include information from supporting documentation that applicants provide to qualify for healthcare and other services for poor and low income District residents. In addition to eligibility qualification data, the records include periods of eligibility, ineligibility, and recertification. The approval decisions are transmitted electronically to DHCF's Medicaid claims payment system to authorize payment of medical claims for those ESA approved recipients.

For this audit, we requested access to ESA's database containing all District residents whose eligibility records were serviced between October 1 and July 1, 2010. As of the date of our review, ACEDS contained 371,963 records for active and inactive recipients of services. To conduct our analysis, we performed relationship comparisons among data elements within recipient records.

FINDING AND RECOMMENDATIONS

Our data mining[8] review identified potential errors in ACEDS recipient data files. Specifically, the ACEDS data files included invalid birthdates, omitted birthdates, and disputed eligibility statuses. We did not perform audit tests to determine whether benefits were provided based on inaccurate eligibility data; however, the potential is present.

Table 2 below shows a selection of recipient ACEDS record data element comparisons we made and the results (anomalies) found that ESA may be able to use to correct erroneous ACEDS information.

Table 2. Potential Data Element Anomalies.

Data Element Anomaly	Occurrences	Issue	Auditor Comment
Date of Birth Field Left Blank	596	Some benefits are based on age.	Children and adults have different income thresholds for coverage.
Deceased Recipient With Active Status	90	Authorization for medical coverage should be discontinued.	Providers could bill services for a recipient who is deceased.
Future Date of Birth	415	Dates of birth are later than the date of the application.	These are data entry errors but could affect the claims review process.
Ineligible Recipients Listed as Active	Undetermined[9]	Recipients listed as active yet dates of eligibility have expired.	Recipients may be ineligible, yet covered for service.
NO SSN	14,505*	SSNs are normally required data for eligible applicants.	SSN omissions need to be reviewed to determine if recipient meets an exception category.

*This figure includes 4,581 recipients who were less than 1 year-old and unlikely to have a SSN. This figure does not include 22,993 recipients in the Alliance program without SSNs who are not required to have SSNs.

[8] A data mining task is the automatic or semi-automatic analysis of large quantities of data to extract previously unknown interesting patterns such as those described above, which may indicate inaccurate data entries.
[9] The data included many occurrences of this condition but to quantify the number of occurrences would require additional analysis and further review.

FINDING AND RECOMMENDATIONS

By implementing data mining techniques to identify potential errors in applicant ACEDS files, ESA can improve reliability of ACEDS records and authorization of benefits.

Internal Controls

Generally Accepted Government Auditing Standards establish that internal control "comprises the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal control includes the processes and procedures for planning, organizing, directing, and controlling program operations, and management's system for measuring, reporting, and monitoring program performance."[10] Management is responsible for developing, implementing, and monitoring internal controls. Ultimately, internal controls provide reasonable, but not absolute assurance, that the organization's goals will be achieved.

During this audit, we conducted a review of internal controls at ESA. We provided ESA with an internal controls questionnaire, which ESA reviewed and answered. Our review of ESA's responses and listing of ACEDS key controls indicated that ESA is proactive in implementing internal controls to protect the completion of the eligibility enrollment process. We noted ESA's use of the Public Assistance Reporting Information System (PARIS) match program[11] as a control to detect whether applicants are claiming benefits in other states. However, our audit and a negative response related to standard operating procedures indicated that ESA needs to further improve its internal control processes.

Our audit identified weaknesses in those controls to the extent of our test parameters. These weaknesses included: 1) approximately 21 percent of files with insufficient documentation supporting eligibility decisions; and 2) errors in ACEDS files providing eligibility status to DHCF. Future OIG audits will focus on other aspects of the eligibility process and will include a review of applicable internal controls related to the area selected.

We also found that ESA could not locate 33 of the 134 sampled applicant files, indicating an internal control weakness with the security of applicant files. These files contain personal data that should be controlled and protected.

Finally, DHS ESA needs to improve oversight of the eligibility process to ensure that only eligible District residents receive District medical assistance.

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[10] U.S. GOVERNMENT ACCOUNTABILITY OFFICE, GOVERNMENT AUDITING STANDARDS 20, § 1.30, GAO-07-731G (2007 Rev.).
[11] Paris Match is a federally owned database provided to the states in which the District may case match District recipients with recipient databases from other states to identify those with duplicative Medicaid coverage.

FINDING AND RECOMMENDATIONS

RECOMMENDATIONS, MANAGEMENT RESPONSES, AND OIG COMMENTS

We recommend that the Director, DHS:

Review internal controls in the eligibility process to ensure that beneficiaries meet the criteria for eligibility and timely recertification of benefits.

DHS RESPONSE

DHS agreed with the recommendation and stated that it will review current processes for monitoring management reports to ensure eligibility criteria are met and to ensure the timely recertification of benefits. DHS will also implement additional quality review procedures and recertification business processes that utilize tools such as Work Number, an online employment and income verification service, to verify eligibility based on income.

OIG COMMENT

We consider DHS's planned action to be responsive and meets the intent of our recommendation.

We recommend that the Director, DHS:

Determine why 33 of 134 requested files could not be located for our review and report back to us the results.

DHS RESPONSE

DHS agreed with the recommendation and stated that it had embarked on a process to convert paper records to electronic records. DHS developed a Document Imaging Management System (DIMS) and engaged a contractor, SOURCE CORP to conduct conversion scanning of customer case record documents into DIMS. The OIG audit was conducted during this transition process, when records were in various stages of transit and conversion and could not always be located for audit review. Additionally, an analysis of the 33 referenced files revealed that the majority of them were Medicaid recertifications. During the scanning conversion process it was noted that many of the Medicaid recertification forms were unreadable when scanned. Subsequently, many of the Medicaid recertification forms were set aside in order to conduct better scanning once additional scanning equipment could be procured and utilized. DHS found that several of the 33 cases noted in the OIG report as having not been located are currently found in DIMS, which indicates that DHS' plan to later scan previously unscanned records is being implemented.

FINDING AND RECOMMENDATIONS

OIG COMMENT

We consider the planned action by DHS meets the intent of our recommendation.

We recommend that the Director, DHS:

Develop a set of standard operating procedures to ensure applicant information is accurate and verifiable during both initial and recertification eligibility processing.

DHS RESPONSE

DHS agrees with the recommendation and stated that it utilizes and adheres to the standards and procedures outlined in the ESA policy manual to ensure applicant information is accurate and verifiable during both the initial and recertification eligibility processing. DHS follows the specific guidance found under Part IV, which focuses on Non-Financial Eligibility Requirements; Part V, which focuses on Program Requirements and Sanctions; Part VI, which focuses on Financial Eligibility Requirements; Part VII, which focuses on Special MA Processing; and Part VIII, which focuses on Case Maintenance.

OIG COMMENT

The planned action by DHS does not fully meet the intent of our recommendation. We want to stress that DHS should always strive to obtain the best evidence that an applicant might provide when attempting to obtain District services. A signed lease is more credible evidence of District residency than a letter from a landlord. ESA should establish a process whereby applicants with questionable documentation are required to submit additional proofs to satisfy eligibility and timeliness requirements.

We recommend that the Director, DHS:

Research and implement data mining techniques to improve the reliability of ACEDS.

DHS RESPONSE

DHS agrees with the recommendation. DHS provided that as part of the overall D.C. Health Care Exchange architecture and in compliance with the mandates of the Affordable Care Act, the District of Columbia is undertaking an aggressive initiative to design, develop, and implement a new Medicaid and Human Services eligibility, enrollment and integrated case management system, the DC Access System (DCAS). DCAS will replace the legacy system, ACEDS, and will be developed in phases or “Releases”, commencing with the Health Care Reform as Release I in 2013.

FINDING AND RECOMMENDATIONS

DCAS will employ key functionality such as establish unique IDs for users and perform matching and synchronization of identities already existing in the system and across other District systems; implement procedures and processes to detect and deter fraud; and terminate coverage as a result of detection of fraud by a customer. Consequently, techniques to improve the reliability of ACEDS, such as data mining, are unnecessary at this juncture.

OIG COMMENT

The planned action by DHS meets the intent of our recommendation. However, we recommend that DHS consider data mining as a technique for consideration in the future to further improve the reliability of information in ACEDS.

We recommend that the Director, DHS:

Review the consolidated eligibility application form, consider moving attestations (signature(s)) to the end of the application form, and clearly state the penalties for false statements.

DHS RESPONSE

DHS agrees with the recommendation. DHS stated as a result of the implementation of the massive DCAS project, a number of work groups are simultaneously working on various facets of the application form. One such workgroup's focus includes looking at the current Medicaid application process. As such, the new application design format already includes space for applicant's initials and date on each page.

The OIG's recommendation to consider moving attestations (signature(s)) to the end of the application form, and clearly state the penalties for false statements will be considered as the new application process and forms are fully developed.

OIG COMMENT

The planned action by DHS meets the intent of our recommendation.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

RECOMMENDATIONS	DESCRIPTION OF BENEFIT	AMOUNT AND TYPE OF BENEFIT	AGENCY REPORTED ESTIMATED COMPLETION DATE	STATUS[12]
1	**Internal Control**. Establish internal controls to ensure properly eligible District residents receive medical assistance.	$676,772	1/18/2013	Closed
2	**Internal Control**. Determine why 33 files were missing from our review and report back to us the results.	$293,166	1/18/2013	Closed
3	**Internal Control**. Develop a set of standard operating procedures to ensure applicant information is accurate and verifiable.	Non-Monetary	TBD	Open
4	**Internal Control**. Research and implement data mining techniques to ensure ACEDS data files are more reliable.	Non-Monetary	1/18/2013	Closed
5	**Internal Control.** Review the consolidated eligibility application and consider moving attestations (signature(s)) to the last page of application.	Non-Monetary	1/18/2013	Closed

[12] This column provides the status of a recommendation as of the report date. For final reports, "**Open**" means management and the OIG are in agreement on the action to be taken, but action is not complete. "**Closed**" means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management's response is used. "**Unresolved**" means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

EXHIBIT B: DHS RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF HUMAN SERVICES

Office of the Director

JAN 18 2013

Charles J. Willoughby
Inspector General
Office of the Inspector General
717 14th Street, N.W.
Washington, DC 20005

Dear Mr. Willoughby:

Thank you for the opportunity to review and comment on the Office of the Inspector General's (OIG's) draft report (OIG Report) regarding the Audit of the Eligibility Determination Process for Alliance and Medicaid Participants (OIG No. 10-1-16HT), which was included in the OIG's Fiscal Year 2010 Audit and Inspection Plan.

The Department of Human Services (DHS) recently responded to the OIG's findings, but advised that a response to the recommendations contained in the OIG Report would be transmitted at a later date, under a separate cover. Therefore, enclosed please find DHS' responses to the OIG's recommendations.

Again, thank you for allowing DHS the opportunity to submit responses to the OIG recommendations and for granting the extensions necessary to do so, as our submission was delayed due to our offices physical relocation.

Should you wish to discuss our responses prior to preparing your final report, please contact me at (202) 671-4200 or [redacted], Administrator, Economic Security Administration (ESA), at (202) 698-[redacted].

Sincerely,

David A. Berns
Director

Enclosure

DAB/dac

cc: Allen Y. Lew, City Administrator, Office of the City Administrator
[redacted], Chief Operating Officer, DHS
[redacted], Administrator, ESA, DHS

P.O. Box 54047, 64 New York Avenue, N.E., Sixth Floor, Washington, DC 20002 (202) 671-4200 Fax (202) 671-4326

EXHIBIT B: DHS RESPONSE

Department of Human Services (DHS) Detailed Responses to Recommendations of the Office of the Inspector General's (OIG's) Audit of the Eligibility Determination Process for Alliance and Medicaid Participants (OIG No. 10-1-16HT)

In the above named report, the Office of the Inspector General (OIG) made five recommendations to the Department of Human Services (DHS), Economic Security Administration (ESA). DHS submits the following responses to the OIG recommendations:

OIG Recommendation

1. Review internal controls in the eligibility process to ensure that beneficiaries meet the criteria for eligibility and timely recertification of benefits.

DHS Response

DHS will review its current process of monitoring management reports to ensure that eligibility criteria are met and to ensure the timely recertification of benefits.

DHS will also implement additional quality review procedures and recertification business processes that may entail the continued utilization of tools such as the Work Number, an online employment and income verification service, to verify eligibility based on income.

OIG Recommendation

2. Determine why 33 of 134 requested files could not be located for our review and report back to us the results.

DHS Response

DHS embarked on a process of converting paper records into electronic files. DHS developed a Document Imaging Management System (DIMS) and engaged a contractor, SOURCE CORP to conduct conversion scanning of customer case record documents into DIMS. The OIG audit was conducted during this transition process, when records were in various stages of transit and conversion and could not always be located for audit review. Additionally, an analysis of the 33 referenced files revealed that the majority of them were Medicaid recertifications. During the scanning conversion process it was noted that many of the Medicaid recertification forms were unreadable when scanned. Subsequently, many of the Medicaid recertification forms were set aside in order to conduct better scanning once additional scanning equipment could be procured and utilized. DHS found that several of the 33 cases noted in the OIG report as having not been located are currently found in DIMS, which indicates that DHS' plan to later scan previously unscanned records is being implemented.

EXHIBIT B: DHS RESPONSE

OIG Recommendation

3. Develop a set of standard operating procedures to ensure applicant information is accurate and verifiable during both initial and recertification eligibility processing.

DHS Response

DHS utilizes and adheres to the standards and procedures outlined in the ESA policy manual (http://dhs.dc.gov/page/esa-policy-manual) to ensure applicant information is accurate and verifiable during both the initial and recertification eligibility processing. DHS follows the specific guidance found under Part IV, which focuses on Non-Financial Eligibility Requirements; Part V, which focuses on Program Requirements and Sanctions; Part VI, which focuses on Financial Eligibility Requirements; Part VII, which focuses on Special Medicaid (MA) Processing; and Part VIII, which focuses on Case Maintenance.

OIG Recommendation

4. Research and implement data mining techniques to improve the reliability of ACEDS.

DHS Response

As part of the overall D.C. Health Care Exchange architecture and in compliance with the mandates of the Patient Protection and Affordable Care Act (Affordable Care Act (ACA)), as amended (Pub. L. No. 111-148, 7 U.S.C. 2011, 42 U.S.C. 11101 *et seq.*), the District of Columbia is undertaking an aggressive initiative to design, develop, and implement a new Medicaid and Human Services eligibility, enrollment and integrated case management system, the DC Access System (DCAS). DCAS will replace the legacy system, Automated Client Eligibility Determination System (ACEDS), and will be developed in phases or "Releases", commencing with the Health Care Reform as Release I in 2013. DCAS will employ key functionality such as establish unique IDs for users and perform matching and synchronization of identities already existing in the system and across other District systems; implement procedures and processes to detect and deter fraud; and terminate coverage as a result of detection of fraud by a customer. Consequently, techniques to improve the reliability of ACEDS, such as data mining, are unnecessary at this juncture, as ACEDS will soon be retired.

OIG Recommendation

5. Review the consolidated eligibility application form, consider moving attestations (signature(s)) to the end of the application form, and clearly state the penalties for false statements.

2

EXHIBIT B: DHS RESPONSE

DHS Response

As a result of the implementation of the massive DCAS project, a number of work groups are simultaneously working on various facets of the application form. One such workgroup focus includes looking at the current Medicaid application process. As such, the new application design format already includes space for the applicant's initials and date on each page.

The OIG's recommendation to consider moving attestations (signature(s)) to the end of the application form, and clearly state the penalties for false statements will be considered as the new application process and forms are fully developed.

3