COLORADO DEPARTMENT OF HEALTH CARE POLICY

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Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

October 6, 2008

Sally Symanski, CPA
Office of the State Auditor
Legislative Services Building
200 E. 14th Avenue
Denver, CO 80203

Dear Ms Symanski:

As was requested in your letter dated September 5, 2008, please find enclosed the Department of Health Care Policy and Financing's status update regarding the June 2008 CBHP Audit Report.

If you have any questions or comments, please feel free to contact the Department's Audit Coordinator, Laurie Simon at 303-866-2590 or laurie.simon@state.co.us.

Sincerely,

Joan Henneberry
Executive Director

JH:las

cc: Representative Dianne Primavera, Vice-Chairman, Legislative Audit Committee
        Senator Jim Isgar, Legislative Audit Committee
        Representative Rosemary Marshall, Legislative Audit Committee
        Representative Frank McNulty, Legislative Audit Committee
        Senator David Schultheis, Legislative Audit Committee
        Senator Gail Schwartz, Legislative Audit Committee
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        Cindi Stetson, Deputy State Audit, Office of the State Auditor
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        Sandeep Wadhwa, M.D., Medical & CHP+ Program Administrative Office Director
        Sue Williamson, Client & Community Relations Office Director
        Jennifer Evans, Administration and Operations Office Director
        Bill Heller, CHP+ Division Director
        Laurie Simon, HCPF Audit Coordinator

The Colorado Department of Health Care Policy and Financing's
Status Update on the June 2008 Children's Basic Health Plan
Performance Audit

November 24, 2008

Recommendation #1 - The Department of Health Care Policy & Financing should improve its use of HEDIS measures to help ensure access to quality and appropriate care for CBHP enrollees by:

    a. **Assessing the costs and benefits of requiring the network to undergo NCQA audits of its HEDIS data and seeking resources to cover the costs, if needed.**

    b. **Continuing the requirement for all health plans to use the same method, either administrative or hybrid, to calculate all HEDIS measures if the Department continues to believe that the different methods make the results unusable.**

    c. **Regularly analyzing the HEDIS results to assess the program's performance and identify needed improvements.**

    d. **Using the analyses to formulate and implement changes to address deficiencies in the quality of and access to CBHP care.**

Agree. Planned Implementation Dates: a. July 31, 2009 b. January 31, 2009 c. January 31, 2009 d. January 31, 2009

October 2008 Update:

Recommendation 1a has been implemented. The new External Quality Review Organization vendor's contract specifically states within the scope of work that a NCQA audit of the HEDIS data for the CBHP Self-Insured Network shall be conducted.

Recommendation #1b has been partially implemented. The new External Quality Review Organization vendor contract specifies that two (2) of the seven (7) HEDIS CBHP measures for all participating CBHP health plans including the State Managed Care Network be hybrid measures. Each plan will report the same measures as hybrid or administrative. This will make the HEDIS measurement results usable. This is implemented but the change in measurements will not be seen until the audit of 2008 data which will be released in November of 2009 due to the HEDIS audit cycle.

Recommendation #1c is in progress and the implementation date has been extended to January 31, 2009. Analysis of HEDIS data for all of the health plans and the State Managed Care Network will occur as part of the CBHP Quality Improvement (QI) program. CBHP will receive the HEDIS data in November 2008. Upon completion of HEDIS data analysis, deficiencies will be identified to all health plans and strategies for

needed improvements will be discussed and implemented. Development of the QI program is in process.

The HEDIS data will not be received until November 2008 which is consistent with all national HEDIS data, therefore analysis of the HEDIS data will be completed by January 2009.

Recommendation #1d is in progress and the implementation date has been extended to January 31, 2009. Analysis of HEDIS data for all of the health plans and the State Managed Care Network will occur as part of the CBHP Quality Improvement (QI) program. CBHP will receive the HEDIS data in November 2008. Upon completion of HEDIS data analysis, deficiencies will be identified to all participating health plans and strategies for needed improvements will be discussed and implemented, including access to care. Development of the QI program is in process.

Recommendation #2 - The Department of Health Care Policy & Financing should improve its monitoring of network adequacy for the CBHP program by:

  a. **Requiring HMOs to provide information on their provider networks or the CBHP population, by county served, and evaluating whether the HMO's networks are sufficient to serve the CBHP population, before contracting with the HMOs.**

  b. **Regularly obtaining information from Peregrine about the provider networks of the CBHP health plans, such as the total number of providers in their respective networks serving CBHP enrollees and the number accepting new CBHP patients, by provider type and county.**

  c. **Analyzing the data from Peregrine on an ongoing basis, along with information about the number of enrollees by health plan and county, to assess network adequacy. The Department should use these analyses to identify weaknesses in the networks and work with the HMOs and the Network contractor as needed to address the weaknesses. The Department should also conduct analyses that include estimates of eligibles by county to help ensure there are a sufficient number of providers for the program in the future.**

Agree. Planned Implementation Dates: a. October 31, 2008 b. October 31, 2008 c. October 31, 2008

October 2008 Update:

Recommendation #2a has been implemented. CBHP HMOs and the State Managed Care Network are submitting data to Peregrine. Peregrine access has been given to the CBHP Health Plan Contract Managers thereby giving the ability to the Plan Managers to

run network adequacy reports as needed. The Plan Managers have reviewed the data and while in the process of developing specific network adequacy standards, have identified areas where provider recruitment efforts should be intensified and are working with the plans in those efforts.

Recommendation #2b has been implemented. CBHP HMOs and the State Managed Care Network are submitting data to Peregrine. Peregrine access has been given to the CBHP Health Plan Contract Managers thereby giving the ability to the Plan Managers to run network adequacy reports as needed.

Colorado Access, Rocky Mountain Health Plan and Kaiser have been reporting since the mid 1990's. Denver Medical Health Center and State Managed Care began July 2008.

Recommendation #2c is implemented and ongoing. The Department obtains quarterly provider information from Peregrine and is in the process of developing reports to include enrollment and eligible numbers. It is anticipated that an enrollment by county report will be available after April 2009, and data on eligible populations by county will be available from the Colorado Health Institute (CHI) by February 2009. Once these multiple data elements are available, thorough analysis of the provider network adequacy will be completed. Additionally, policies and procedures around network adequacy are in the process of being created.

Recommendation #3 - The Department of Health Care Policy and Financing should discontinue the use of the current methodology for estimating the number of children eligible for CBHP. The Department should improve its processes for measuring the effect of the CBHP program on uninsured children by implementing a system to obtain valid, reliable estimates of the number of children eligible for CBHP. The system should include:

   a. **Use of a reliable, accurate, and verifiable method to estimate the number of children eligible for CBHP that considers the suggestions and data sources identified by the consultant in this report.**

   b. **Documentation of all source data and calculations, along with written descriptions of the methodology and the rationale for each element of the methodology.**

   c. **Rigorous oversight of the methodology and results by a Department staff member who is knowledgeable about the source data and methods used in the estimation process. Review of the method and results should be completed prior to reporting results.**

d. Regular analysis of the penetration rates to assess program performance, identify needed improvements, and make informed decisions about marketing and outreach.

Agree. Planned Implementation Dates: a. October 31, 2008 b. October 31, 2008 c. October 31, 2008 d. April 1, 2009

October 2008 Update:

Recommendation #3a is in progress. The methodology has been defined and analysis is in process. A Senior Data Analyst will be creating the queries and analytics necessary for analysts to calculate the measures each year. A Senior Analyst will review the calculations each year prior to release.

Recommendation #3b is in progress. The Department has met with Colorado Health Institute (CHI) and a process is being established in partnership with CHI. A Senior Data Analyst will be creating the queries and analytics necessary for analysts to calculate the measures each year. The Senior Data Analyst will review the calculations each year prior to release. The CBHP Policy Analyst will work closely with both CHI and the Senior Data Analyst to ensure that processes are documented.

Recommendation #3c is in progress. The Department has assigned two staff knowledgeable in the area to institute a rigorous review of the methodology and results. The review process will be completed prior to the Department using the numbers for any reason. The numbers will be published in the CBHP SFY 07-08 Annual Report which should be released in December, 2008.

Recommendation 3d is in progress. The Department has developed a caseload churn report to track children. "Churn" is a standard term that indicates the prevalence of population change within a program or set of programs. At both the state and county levels, the report identifies the number of children new to Medicaid and CBHP during the month, the number of children dropping off the programs, and the number of children migrating between the two programs. This report was developed and is produced each month by staff in the Data Section who then provides the report to the Budget Division. The CBHP Outreach Coordinator, has been informed of the report and will be utilizing it to make informed decisions concerning marketing and outreach. Due to small numbers and protected health information concerns, the report cannot be released publicly.

Recommendation #4 - The Department of Health Care Policy and Financing should improve the accuracy and consistency of the data it reports about the CBHP program by:

    a. Either using consistent definitions as the basis for reporting program data such as enrollment, eligibles, and penetrations rates in all reports, or explaining in its reports the basis for any differences in reported data.

    b. Improving its supervisory reviews of the data and methods used to determine and report program information, including enrollment statistics and penetration rates. Reviews should be conducted before reports are used by the Department or issued to oversight bodies, CMS, or the public.

Agree. Planned Implementation Dates: a. April 30, 2009 b. March 31, 2008

October 2008 Update:

Recommendation #4a is in progress. In the next couple of months, the CBHP annual and federal reports will be produced. Before distribution of the reports, and with any other reporting, CBHP will review all definitions used as the basis for reporting data and provide an explanation in any report as needed.

Recommendation #4b has been implemented. As stated in the Department's original response, this recommendation has been implemented.

Recommendation #5 - The Department of Health Care Policy and Financing should ensure the effectiveness of marketing and outreach activities for CBHP by:

    a. Working with the marketing and outreach contractor to identify key outreach-related data.

    b. Extracting key data from CBMS including the number of new application submissions, enrollments, and re-enrollments, by county and/or zip code, on a quarterly or semi-annual basis.

    c. Developing additional methods to collect data on results of specific marketing efforts to measure how applicants learned of CBHP and making changes to CBMS to record and report these data.

    d. Providing the data described in Parts a through c, above, as well as the penetration-rate data described in Recommendation No. 2, to the contractor for use in evaluating marketing activities and modifying strategies, as necessary.

Agree. Planned Implementation Dates: a. Implemented b. Implemented and Ongoing c. October 31, 2009 d. December 31, 2008

October 2008 Update:

Recommendation #5a has been implemented. As stated in the Department's original response, this recommendation has been implemented.

Recommendation #5b is implemented and ongoing. The Department has met the September 30, 2008 implementation date for the data extraction to receive application submission by county report. We are waiting on the retention rate report and the new enrollment by county report from CBMS. CBHP staff has met with the Department's CBMS staff and the Department's Data staff to coordinate the retention rate and the enrollment by county reports.

Recommendation #5c is in progress. The Department is investigating funding a member survey that would collect information about how clients heard about the program.

Recommendation #5d is in progress. The Department has presented the contractor with the application submission report by county from the 2007 CBHP Annual Report and will do the same with the retention rate and enrollment by county report when available. Identifying the requirements for the retention rate report has begun with CBMS staff and the Department's Data staff.

Recommendation #6 - The Department of Health Care Policy and Financing should strengthen its objectives, measures, and reporting for CBHP to help ensure access to quality and appropriate care for enrollees and fully comply with state and federal requirements by:

    a. **Ensuring its objectives are targeted to the program, are measurable, and are clearly tied to key health care services delivered through CBHP. This should include services to which the Department is specifically required to assure access under federal regulations.**

    b. **Establishing measures that reflect the program's progress in accomplishing each objective.**

    c. **Routinely analyzing the measures to identify program weaknesses and develop and implement solutions to address such weaknesses.**

Agree. Planned Implementation Dates: a. August 31, 2008 b. August 31, 2008 c. April 30, 2009

October 2008 Update:

Recommendation #6a has been implemented. The CBHP Division has worked with the Quality Improvement Section to develop a Balanced Scorecard. The Balanced Scorecard contains performance objectives directly related to the mission of the Department, which is to improve access to cost-effective, quality health care services for Coloradoans. The Balanced Scorecard includes performance objectives and measures related to health outcomes, efficiency, access to care and services and client, provider and employee satisfaction. For example, a CBHP performance objective is to increase the rate of clients accessing medical and dental preventive care. Through performance improvement CBHP will be working with its providers, clients and other stakeholders to identify and remove barriers to clients accessing medical and dental preventive care.

The Balanced Scorecard has been finalized and the process to track data on objectives is underway.

Recommendation #6b has been implemented. The CBHP Division has worked with the Quality Improvement (QI) Section to establish measures that reflect the program's progress in accomplishing each objective. The measures are included in the Balanced Scorecard.

Recommendation #6c is in progress. The Balanced Scorecard developed jointly by the CBHP Division and QI Section will be used as the tool by which measures are reported and tracked to identify program weaknesses, strengths, and implement solutions that will build on what is working well in order to strengthen the program.

Recommendation #7 - The Department of Health Care Policy and Financing should reduce eligibility-determination errors for CBHP by improving oversight and training of eligibility sites. Specifically, the Department should:

a. Expand efforts to establish a comprehensive program for monitoring the CBHP eligibility-determination process. The program should identify and target high-volume and high-risk eligibility sites, compare case files with information in CBMS, focus on identifying and addressing eligibility sites with high error rates and recurring problems, and follow up with corrective action plans and changes to CBMS, as appropriate.

b. Expand CBHP training and technical assistance provided to eligibility sites to target the key issues identified through the Department's monitoring program. The training should include information on CBMS income calculations and other processes for determining eligibility.

c. Require eligibility sites to improve their quality/supervisory review process to ensure that workers correctly enter data into CBMS and review and improve CBHP eligibility determinations.

d. Investigate to determine the causes of the CBMS errors identified in the audit and modify CBMS as needed to correct the errors.

Agree. Planned Implementation Dates: a. November 30, 2008 b. Ongoing c. January 2009 d. July 31, 2008

October 2008 Update:

Recommendation #7a is in progress. The Department sent out site specific results from the eligibility studies to the counties and medical assistance (MA) sites for a response. This was completed in October 2008. In addition, the Department has developed a Departmental Eligibility Quality Improvement Plan for all Eligibility Sites, which is in a draft format. This plan includes three (3) main priority improvement areas for 2009 calendar year. Case File Documentation, Data Entry and Timely Processing of Applications are the three main improvement areas. It is anticipated that counties and MA sites will operationalize their quality improvement plans by January 2009.

Recommendation #7b is Implemented and Ongoing. In September 2008, a new position in the Child Health Plan Plus division was filled as a temporary to hire. This position is the CBHP CBMS Business Analyst position, and one of the duties for this position is specifically related to identification of training needs and developing and providing the training to meet those needs. The first training session was conducted on November 3, 2008 with relation to appropriate processing of non-citizen classes.

Recommendation #7c is in progress. The Department has developed a Departmental Eligibility Quality Improvement Plan for all Eligibility Sites which is in a draft format. This plan includes three (3) main priority improvement areas for 2009 calendar year. The three priority areas are Case File Documentation, Data Entry and Timely Processing of Applications. The Departmental Eligibility Quality Improvement Plan will ensure that there is a consistent quality improvement plans across eligibility sites that will be monitored by the Department. This includes quarterly reports and monthly reviews by the eligibility sites that focus on the three priority areas through the use of Department designated templates and reporting standards.

Recommendation #7d has been implemented. The investigation was completed in July 2008. One case was fixed with a CBMS rewrite on November 3, 2007. Another case will be fixed in CBMS in October 2008. The third case was determined to be caused by a data entry error and the fourth case was correctly denied for the applicant being over income.

Recommendation #8 - The Department of Health Care Policy and Financing should improve its monitoring of application processing for CBHP by eligibility sites to ensure eligibility decisions are made timely, in accordance with federal and state rules and guidelines. Specifically, the Department should:

a. Develop reports in CBMS and compile statistics on program performance with respect to timely processing of applications. The statistics should include the proportion of applications processed timely or late, and the aging of delayed applications.

b. Work with the eligibility sites to investigate the underlying factors contributing to processing delays, including the reasons CBHP applications, supporting documentation, or enrollment fees have not been entered or processed in CBMS.

c. Further target training and technical assistance to address the underlying problems of late processing.

d. Consider the costs and benefits of expanding the eligibility and enrollment contract on either a permanent or temporary basis to reduce backlogs at the eligibility sites.

Agree. Planned Implementation Dates: a. December 31, 2008 b. January 31, 2009 c. January 31, 2009 d. July 31, 2009

October 2008 Update:

Recommendation #8a is in progress. CBHP staff is in the process of defining several new reports to be generated out of the CBMS Decision Support System. The development and implementation of these new reports is impacted by the transition of the Operations and Maintenance of CBMS from EDS to Deloitte. During transition, which will occur from December 2008 through April 2009, no new reports will be developed by either vendor. The Department will provide a new implementation date to Office of the State Auditor after the transition to the new CBMS vendor has been completed in April 2009.

The CBMS Technology Refresh is a process that the CBMS Operations and Maintenance team is pursuing to upgrade the CBMS system hardware and software to keep these products up to date with current technology. Some of the hardware and software has not been updated since CBMS was first implemented in 2004. This project will enable the CBMS system to continue to expand to accommodate the growth in caseload as well as the growth in the number of CBMS users. The timing of the implementation of the CBMS Technology Refresh has been impacted by the transition of the CBMS system to a new operations and maintenance vendor; completion of the Technology Refresh is scheduled for 2009 after the transition to the new vendor. It has been determined that current CBMS technology will be sufficient to handle the caseload and user load through 2009.

The Decision Support system is a data warehouse that maintains pre-defined data elements from the Colorado Benefit Management System that can then be queried to define, produce, and store reports. Currently, Business Objects is the tool that provides the functionality to query and generate reports. The current version of Business Objects is no longer supported by the vendor. After reviewing the decision support and reporting tools available (including an upgrade to a new version of Business Objects), the Department, in conjunction with the Department of Human Services determined that a new decision support system and reporting product, COGNOS, would be implemented. The implementation of COGNOS is scheduled for November 17, 2008; after this is implemented, the Department will be able to resume developing the reports required by this recommendation.

Recommendation #8b is in progress. The Department has developed a Departmental Medical Eligibility Quality Improvement Plan for all Eligibility Sites which is in a draft format. This plan includes three (3) priority improvement areas for the 2009 calendar year. Case File Documentation, Data Entry and Timely Processing of Applications are the three improvement areas. This recommendation is on target for January 2009 implementation.

Recommendation #8c is in progress. The Exceeding Processing Guidelines Unit continues to offer technical assistance routinely with cases truly exceeding processing guidelines. The Department has been producing, conducting and supplying training material to eligibility sites that require further training assistance. Based on the recently completed eligibility pilot studies, the Department requested quality improvement plans from the eligibility sites that were noted to have cases that were outside timely processing standards. In addition, the Department has formed an eligibility quality group which will work with the eligibility sites to establish quality plans and improve timely processing.

Recommendation #8d is in progress. The Department will analyze the costs and benefits of expanding the scope of work in the CBHP eligibility and enrollment contract to reduce backlogs at County eligibility sites. This analysis will be conducted after contract is awarded in March 2009. If the Department finds that it is cost effective to expand the contract to include this function the Department will seek additional resources to support this recommendation through the standard budgeting process.

Finding #9 - The Department of Health Care Policy and Financing should improve the redetermination process and improve retention for the CBHP program by:

a. **Routinely calculating program retention rates and analyzing data on program retention.**

b. **Modifying the redetermination application to clarify the requirements for documentation and reporting of changes in circumstances. The Department**

should further assess the redetermination application for any additional changes to make it more user-friendly.

c. **Beginning to send reminders to families regarding the submission of their redetermination applications as soon as possible.**

d. **Considering the use of periodic surveys, focus groups, or review of existing research to identify barriers to reapplication, as well as other methods to remind families to reapply, such as those used by other SCHIP programs.**

Agree. Planned Implementation Dates: a. July 31, 2008 b. May 31, 2009 c. May 31, 2009 d. October 30, 2009

October 2008 Update:

Recommendation #9a has been implemented. Retention tracking information was implemented in Colorado Rapid Application Tracking System by the CBHP Eligibility & Enrollment vendor and is part of contractual monthly reports effective August 1, 2008. Information will be tracked on incomplete renewals, incomplete verification and returned mail due to incorrect address. This will be included in the Eligibility & Enrollment Vendor's monthly reports.

Recommendation #9b is in progress. Joint work with the Department of Human Services began in June 2008 and continues, thus far resulting in agreement on several changes to the system and process. These changes will clarify the requirements in the redetermination application and improve its usability. Progress in implementing these changes will be temporarily interrupted by the transition of CBMS operations to a new vendor, however the recommendation is expected to be completed by May 2009.

Recommendation #9c is in progress. This recommendation is in the process of being implemented and it is anticipated the implementation date of May 2009 will be met. There are two parts to this recommendation: the first part involves developing an automated renewal reminder from CBMS and the second part involves sending information to the HMOs so that they may send out reminders to the families. At this point, two of the HMOs have been doing this since 2002 and 2004 respectively.

Recommendation #9d is in progress. The Department's marketing and outreach contractor, MAXIMUS, Inc., has conducted focus groups to evaluate outreach and marketing efforts and barriers to applying and re-applying. A member survey is planned to be designed, tested, distributed and analyzed by October 30, 2009.

Recommendation #10 - The Department of Health Care Policy and Financing should ensure ineligible women and children are properly and timely disenrolled from CBHP. Specifically, the Department should:

a. Review the 885 individuals identified during our audit who were not disenrolled on time, ensure any ineligible individuals indentified through the review have been properly disenrolled, and review and recover payments made for the ineligible individuals.

b. Strengthen efforts to ensure that, until the planned changes to CBMS and MMIS are fully implemented and working properly, participants are disenrolled from CBHP as soon as their eligibility ends. This should include modifying the contract with ACS to include performance standards for timely and accurate disenrollments, monitoring and enforcing ACS' compliance with the performance standards, identifying and actively monitoring individuals due for disenrollment, and working with ACS to improve the accuracy of disenrollment reports.

c. Prioritize changes to MMIS and CBMS to ensure disenrollments occur timely and accurately in the future.

Agree. Planned Implementation Dates: a. June 30. 2008 b. September 1, 2008 c. May 31, 2008

October 2008 Update:

Recommendation #10a is in progress. As noted in the Department's original response, this recommendation to review the 885 cases identified in the audit has been implemented. The review was completed on October 16, 2008. The Department will work with CMS to ensure any federal dollars spent during the period of ineligibility are reimbursed.

Recommendation #10b is in progress, however please note that the disenrollment reports are completed and only the prenatal report is in progress. Disenrollment reports include 1 year old CBHP members along with 19 year olds. Performance measures are attached to this monthly report in the Eligibility and Enrollment (E&E) Vendor Contract Amendment effective September 1, 2008. The Department will continue to work with CBMS programmers in order to create a pre-natal report. Once this report is created it will be added to the E&E Vendor Contract.

Recommendation #10c has been implemented. As noted in the Department's original response, this recommendation was implemented in May 2008.

Recommendation #11 - The Department of Health Care Policy and Financing should strengthen controls over the handling and safeguarding of CBHP enrollment-fee collections and information recorded into CBMS by:

a. Amending the contract to require the eligibility and enrollment contractor to establish and follow specified cash-control policies and procedures,

particularly with respect to securing and depositing enrollment fees in a timely way, posting enrollment-fee information to CBMS promptly, completing timely and fully documented monthly reconciliations between fees received and deposits, and maintaining segregation of duties.

    b. Periodically verifying that the contractor follows through in all areas and taking corrective action if necessary.

    c. Performing monthly bank reconciliations to ensure all enrollment fees paid are deposited into the CBHP bank account and that CBMS fee records are accurate and complete. The Department should work with the contractor to resolve all discrepancies.

Agree. Planned Implementation Dates: a. September 30, 2008 b. September 30, 2008 c. September 30, 2008

October 2008 Update:

Recommendation #11a has been implemented. Effective October 1, 2008 a new enrollment fee process was developed for the Eligibility and Enrollment vendor which focuses on monitoring performance measures. The performance measures in the contract include timeliness of enrollment fee posting into CBMS and posting accuracy based on monthly reconciliations of enrollment fee receivables with deposit slips.

Recommendation #11b has been implemented. The Contract Manager currently reviews monthly reports and responds to the Eligibility & Enrollment vendor with a monthly receiving re port based on monthly data and performance requirements.

Recommendation #11c has been implemented. Effective July 1, 2008 a new enrollment fee process was put into place by the Eligibility & Enrollment Contract Manager. The contract manager is responsible for verifying that enrollment fees are input correctly into CBMS. The contract manager is also responsible for quality audits of daily deposit slips and daily lock box reports to ensure accuracy. Monthly reconciliation is also completed by using the lock box reports, deposit slips and monthly bank statement.

Recommendation #12 - The Department of Health Care Policy and Financing should ensure its procedures for approving applicants for CBHP are consistent with federal regulations by continuing to work with the Center for Medicare and Medicaid Services (CMS) to ensure the corrective action plan, including both the temporary and permanent procedures for implementing the Deficit Reduction Act as it affects CBHP, is acceptable.

Agree. Planned Implementation Dates: Ongoing

Recommendation 12 is ongoing. The Department has worked with the Centers for Medicare and Medicaid Services (CMS) to ensure its current procedures for approving applicants for CBHP are consistent with federal regulations. Ongoing discussions with CMS are underway to address procedures prior to January 2008, specifically around obtaining CBHP enrollment information between September 2007 and December 2007.

Finding #13 – The Department of Health Care Policy and Financing should improve accountability for the CBHP program by establishing and implementing policies and procedures for contract management that, at a minimum, include requirements for:

   a. **Contracts to include performance standards for all key functions for which the contractor is responsible.**

   b. **Contract managers to follow established procedures for monitoring and enforcing contract provisions, including conducting ongoing assessments of contractors against performance standards, particularly before renewing contracts.**

   c. **Documentation to be maintained in contract files to fully demonstrate the Department's oversight of contractors, including records of all communications and contract-related decisions.**

   d. **All staff with contract management responsibilities to be adequately trained.**

   e. **Staff to take timely action to address instances in which contracts lack needed provisions and contractors do not meet contractual requirements.**

Agree. Planned Implementation Dates: a. January 31, 2009 b. October 31, 2008 c. Implemented and Ongoing d. October 31, 2008 e. October 31, 2008

October 2008 Update:

Recommendation #13a is in progress. The majority of CBHP contracts currently include performance measures. CBHP is in the process of reviewing its contracts to determine whether all key functions are covered in existing performance standards.

Recommendation #13b has been implemented. The Procurement Director drafted a Department-wide Standard Operating Procedure (SOP) on contract management. This SOP clarifies the Department's standards regarding the importance of utilizing the State of Colorado Contract Procedures and Management Manual for contract monitoring. The SOP was completed by October 2008.

Recommendation #13c has been implemented. As stated in the Department's original response, this recommendation was implemented in April 2008 and is ongoing.

Recommendation #13d is in progress. The Procurement Director has developed a contract management training. This training was offered to the CBHP contract managers, the Section Manager and the Division Director on November 3, 2008.

Recommendation #13e has been implemented. CBHP staff has taken timely action as appropriate to address instances in which contracts lack needed provisions. This process has been improved upon since the contract management training was provided. Effective in July and August 2008, the Administrative Services Organization (ASO) contract was rewritten and includes provisions not in the previous contract. Additional provisions in the eligibility and enrollment contract amendment include enrollment fee and application processing. The HMO contract amendments include new reporting requirements, such as quality of care issues, inpatient hospitalization incidents, appeals and member complaints. Furthermore, an Individual Performance Objective (IPO) has been developed for CBHP contract managers to specifically address responsibilities of a contract manager.

All requirements of this response were met within the CBHP Division by October 2008 with the exception of the contract management training which was offered on November 3, 2008.

Finding #14 - The Department of Health Care Policy and Financing should ensure it has adequate and accurate information to effectively manage CBHP by:

    a. Systematically identifying the data needed to effectively manage CBHP, the sources of such data, and how the data will be used.

    b. Establishing data collection and analysis processes to meet the identified needs.

    c. Reviewing, analyzing, and using the data it gathers on an ongoing basis to evaluate the program and to identify and implement needed improvements.

Agree. Planned Implementation Dates: a. Implemented and Ongoing b. June 30, 2009 c. June 30, 2009

October 2008 Update:

Recommendation #14a has been implemented. As stated in the Department's original response, this recommendation has been implemented.

Recommendation #14b is in progress. CBHP staff is in the process of defining several new reports to be generated out of the CBMS Decision Support System. The

development and implementation of these new reports is impacted by the transition of the Operations and Maintenance of CBMS from EDS to Deloitte. During transition, which will occur from December 2008 through April 2009, no new reports will be developed by either vendor. The Department will provide a new implementation date to Office of the State Auditor after the transition to the new CBMS vendor has been completed in April 2009.

The CBMS Technology Refresh is a process that the CBMS Operations and Maintenance team is pursuing to upgrade the CBMS system hardware and software to keep these products up to date with current technology. Some of the hardware and software has not been updated since CBMS was first implemented in 2004. This project will enable the CBMS system to continue to expand to accommodate the growth in caseload as well as the growth in the number of CBMS users. The timing of the implementation of the CBMS Technology Refresh has been impacted by the transition of the CBMS system to a new operations and maintenance vendor; completion of the Technology Refresh is scheduled for 2009 after the transition to the new vendor. It has been determined that current CBMS technology will be sufficient to handle the caseload and user load through 2009.

The Decision Support system is a data warehouse that maintains pre-defined data elements from the CBMS that can then be queried to define, produce, and store reports. Currently, Business Objects is the tool that provides the functionality to query and generate reports. The current version of Business Objects is no longer supported by the vendor. After reviewing the decision support and reporting tools available (including an upgrade to a new version of Business Objects), the Department, in conjunction with the Department of Human Services determined that a new decision support system and reporting product, COGNOS, would be implemented. The implementation of COGNOS is scheduled for November 17, 2008; after this is implemented, the Department will be able to resume developing the reports required by this recommendation.

Recommendation #14c is in progress. This is an ongoing activity and many of the reports that are available for the administration of the CBHP Program are already being monitored and used by CBHP staff. CBHP is in the process of reviewing all of the CBHP reports that are available through CBMS and developing a reference that identifies these reports, as well as CBHP reports that have been identified for development in the future. This reference will be maintained and made available to CBHP staff for utilization in administration of the program.

Finding #15 - The Department of Health Care Policy and Financing should establish a system to address suspected fraud and abuse activities for CBHP by:

    a. **Developing and implementing written policies and procedures that define strategies to prevent, detect, and investigate fraud. This should include defining activities for preventing, detecting, and investigating fraud or abuse**

allegations that will be performed by the Department and those that will be delegated to counties and contractors.

b. **Modifying contracts to specify each contractor's duties for suspected fraud and abuse prevention, detection, investigation, and reporting.**

c. **Ensuring that contractors and county departments routinely report to the Department all allegations, investigations, and referrals of fraud and abuse related to CBHP. This should include cases of fraud in other public programs that involve CBHP enrollees.**

d. **Reviewing fraud and abuse data reported by counties and contractors on an ongoing basis to ensure that allegations are properly investigated and referred to law enforcement, if appropriate, and to identify areas in which program controls may need to be strengthened.**

Agree. Planned Implementation Dates: a. April 30, 2009 b. July 1, 2008 and September 1, 2008 c. April 30, 2009 d. June 30, 2009

October 2008 Update:

Recommendation #15a is in progress. This recommendation is on target for an April 2009 implementation date. The Department is developing a work plan to change state regulations, produce informative agency letters, develop and enhance eligibility site processes and further define CBHP eligibility and enrollment vendor responsibilities.

Recommendation #15b is in progress. All the executed contracts have had fraud and abuse language included with one exception. The eligibility and enrollment contract was awarded to a new vendor and protest to the award was initiated. The protest decision was appealed to the Executive Director of the Department of Personnel and Administration (DPA). A decision on the appeal has not yet been made by DPA. The new language will be inserted in the new contract when a contract is executed.

Recommendation #15c is in progress. This recommendation is on target for an April 2009 implementation date. The Department is developing a work plan to change state regulations, produce informative agency letters, develop and enhance eligibility site processes and further define CBHP eligibility and enrollment vendor responsibilities.

The work plan in development will also include specific direction for contractors and county departments to report all allegations, investigations and referrals of fraud and abuse.

Recommendation #15d is in progress. CBHP staff is currently working on development of a fraud and abuse program and expects that by June 2009, this program will be fully implemented and data available for review. The Department is developing a work plan to change state regulations, produce informative agency letters, develop and

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enhance eligibility site processes and further define CBHP eligibility and enrollment vendor responsibilities.

The work plan will also document a process for reviewing reports of fraud and abuse to ensure allegations are investigated.

CBHP staff will review the data once all the collection processes and procedures are in place to ensure that all fraud and abuse allegations are properly investigated and to identify areas in which program controls may be strengthened.

Finding #16a - The Department of Health Care Policy and Financing should implement a comprehensive complaints management system for CBHP. As part of the system the Department should:

    a. Clearly define the roles and responsibilities of counties, medical assistance sites, contractors, and Department staff for accepting, documenting, and resolving complaints related to CBHP. The Department should include provisions in contracts, as necessary, to reflect complaint handling duties.

    b. Develop guidance on referring complaints among organizations for proper handling.

    c. Establish a mechanism for the Department to collect, log, track, and ensure the resolution of all CBHP-related complaints.

    d. Periodically analyze complaint data and use the data to make improvements to CBHP operations.

Agree. Planned Implementation Dates: a. January 2009 b. January 2009 c. Implemented and Ongoing d. January 2009

October 2008 Update:

Recommendation #16a is in progress. This will be implemented in January 2009, per the Department's original response. The Department is in the planning phase and working on the following to take place before implementation: rule change, agency letter, county and eligibility site process, and CBHP eligibility and enrollment vendor responsibility.

Through the steps outlined above, the Department will provide direction on what the process will be for county and eligibility sites to accept, document, and resolve complaints related to CBHP.

Recommendation #16b is in progress. The Department is in the planning phase and working on a Departmental process to assist clients with complaints. The two strategies

the Department is developing would include a phone number for clients to contact with complaints along with an e-mail address that would be hosted by the Eligibility & Enrollment vendor. In addition, the Department will analyze information received in order to perform root cause analysis. The time frame for the analysis has not yet been determined.

The last two sentences of the paragraph above outline actions being taken to ensure that the strategies are working and to determine whether there are other methods that may be added. The root cause and analysis will serve as a tracking mechanism to ensure we are utilizing the best methods.

Recommendation #16c has been implemented. As the Department stated in the original response, this recommendation was implemented in March 2008.

Recommendation #16d is in progress. This will be implemented in January 2009, per our audit response. The Department is in the planning process and working on improvements to our database to help improve data analyses.

16d is in reference to a database that CBHP utilizes to track complaints that come through the CBHP section and are case specific.

COLORADO DEPARTMENT OF HEALTH CARE POLICY

1570 Grant Street, Denver, CO 80203-1818 • (303) 866-2993 • (303) 866-4411 Fax • 303- 866-4411
Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

July 22, 2009

Ms. Sally Symanski, State Auditor
Office of the State Auditor
Legislative Council Building
200 E. 14th Avenue
Denver, CO 80203

Dear Ms. Symanski:

Please find the Department of Health Care Policy and Financing's status update to the June 2008 Children's Basic Health Plan Performance Audit.

If you have any questions or comments, please feel free to contact the Department's Audit Coordinator, Laurie Simon at 303-866-2590 or laurie.simon@state.co.us.

Sincerely,

Joan Henneberry
Executive Director

JH:las

cc: Representative Dianne Primavera, Chair
        Senator David Schultheis, Vice-Chair
        Senator Jim Isgar, Legislative Audit Committee
        Representative Jim Kerr, Legislative Audit Committee
        Representative Frank McNulty, Legislative Audit Committee
        Representative Joe Miklosi, Legislative Audit Committee
        Senator Shawn Mitchell, Legislative Audit Committee
        Senator Lois Tochtrop, Legislative Audit Committee
        HCPF Executive Director's Office
        Sandeep Wadhwa, M.D., MBA Medical & CHP+ Program Administrative Office
        Director
        Bill Heller, CHP+ Division Director
        Laurie Simon, HCPF Audit Coordinator

The Colorado Department of Health Care Policy and Financing's
Status Update on the June 2008 Children's Basic Health Plan
Performance Audit
August 2009

Recommendation #1 - The Department of Health Care Policy & Financing should improve its use of HEDIS measures to help ensure access to quality and appropriate care for CBHP enrollees by:

    a. Assessing the costs and benefits of requiring the network to undergo NCQA audits of its HEDIS data and seeking resources to cover the costs, if needed.

    b. Continuing the requirement for all health plans to use the same method, either administrative or hybrid, to calculate all HEDIS measures if the Department continues to believe that the different methods make the results unusable.

    c. Regularly analyzing the HEDIS results to assess the program's performance and identify needed improvements.

    d. Using the analyses to formulate and implement changes to address deficiencies in the quality of and access to CBHP care.

Agree. Planned Implementation Dates: a. July 31, 2009 b. January 31, 2009 c. October 31, 2008 Revised to January 31, 2009 d. October 31, 2008 Revised to January 31, 2009

July 2009 Update:

Recommendation #1a has been implemented. The new External Quality Review Organization vendor's contract specifically states that NCQA audit requirements must be calculated for the CBHP Self-Insured Network.

Recommendation #1b is implemented and ongoing. The Quality Assurance Section of the Department manages the External Quality Review Organization (EQRO) Contract and after analysis and consultation with the EQRO, the Department determined it would be most beneficial that five of the seven HEDIS measures will be administrative and two will be hybrid. All plans will calculate the seven measures using the same methodology. This will allow the Department to conduct analysis/comparison of planned performances across all plans.

Recommendation #1c has been implemented. HEDIS data for 2007 was received in October of 2008 which is consistent with the national HEDIS data cycle. Review of the findings was conducted and deficiencies and strengths were identified. CBHP HEDIS data for the "Adolescent Well-Care Visits" measure weighted average exceeded the 50th

percentile, and two of the health plans reported rates above the national HEDIS 2006 Medicaid 75th percentile. An improvement of 18.7 percentage points was observed for the CBHP weighted average for the "Adolescent Well-Care Visits" measure.

Although score improvements have been observed over previous years on some measures, there is still room for improvement on other measures for the health plans.

In an effort to increase HEDIS scores, Medical Home incentive payments are now tied to specific HEDIS measures and should encourage preventive services utilization and ultimately improve HEDIS scores. The specific HEDIS measures with Medical Home incentive payments include "Well Child Visits for the first 15 Months of Life" and "Well-Child Visits in the Third, Fourth, Fifth, and Sixth Years of Life". Data to support this recommendation will not be available until the 2009 HEDIS audit is finalized and released in late 2010.

HEDIS data will be collected annually. Because of the lag time associated with collecting and analyzing the date, HEDIS measures for 2008 will be calculated in late 2009. Upon review, the Department will work closely with the health plans annually to develop specific plans which address areas needing improvement.

Recommendation #1d is implemented and ongoing. Initial analysis of 2007 HEDIS data for all of the health plans and the State Managed Care Network has occurred and will be incorporated into the CBHP Quality Improvement (QI) program. A quality program for CBHP is in the discussion phase and is a standing item on the monthly Managed Care Organization (MCO) meeting agendas. Upon completion of the recent HEDIS data analysis, strategies for needed improvements were provided to participating health plans.

Three health plans were not able to report on the "Well-Child Visits" in the "First 15 Months of Life" and one plan reported 4.7% over the 2007 weighted average. Three plans were also not able to report on the "Use of Appropriate Medications for People with Asthma" for all four of the age ranges. Strategies have been discussed at the monthly MCO meetings and participating plans have explained why they were not able to report this data. HEDIS measures for 2009 and going forward will now only include measures in which the plans have a base population on which to report.

CBHP staff and Managed Care Organizations are now participating in the Medicaid Quality Improvement Committee (MQuIC) monthly meetings to address quality improvement plans and HEDIS measures.

As an additional method for monitoring access to quality and appropriate care for CBHP enrollees, CBHP will receive quarterly utilization reports on each health plan. These reports will be closely reviewed by each contract manager and deficiencies addressed with each health plan.

Recommendation #2 – The Department of Health Care Policy & Financing should improve its monitoring of network adequacy for the CBHP program by:

a. Requiring HMOs to provide information on their provider networks for the CBHP population, by county served, and evaluating whether the HMO's networks are sufficient to serve the CBHP population, before contracting with the HMOs.

b. Regularly obtaining information from Peregrine about the provider networks of the CBHP health plans, such as the total number of providers in their respective networks serving CBHP enrollees and the number accepting new CBHP patients, by provider type and county.

c. Analyzing the data from Peregrine on an ongoing basis, along with information about the number of enrollees by health plan and county, to assess network adequacy. The Department should use these analyses to identify weaknesses in the networks and work with the HMOs and the Network contractor as needed to address the weaknesses. The Department should also conduct analyses that include estimates of eligibles by county to help ensure there are a sufficient number of providers for the program in the future.

Agree. Planned Implementation Dates: a. October 31, 2008 b. October 31, 2008 c. October 31, 2008

July 2009 Update:

Recommendation #2a has been implemented. CBHP HMOs and the State Managed Care Network are submitting data to Peregrine. Peregrine is a software tool that collects and compiles provider information for all that participate with the CBHP program. Peregrine access has been given to the CBHP Health Plan Contract Managers thereby giving the ability to the Plan Managers to run network adequacy reports as needed. The Plan Managers have reviewed the data and while in the process of developing specific network adequacy standards, have identified areas where provider recruitment efforts should be intensified and are working with the plans in those efforts. To highlight just one of our provider expansion efforts, the Department has partnered with Rocky Mountain Health Plans so that this HMO will now be available for CBHP members in three additional counties in September 2009.

The State Managed Care Network reports that 99% of members live within 30 miles/30 minutes of a contract Primary Care Physician (PCP). The average distance to a contracted PCP who is accepting new patients is 3.9 miles. The average distance to a contracted Specialty Care Provider (SCP) is 4.7 miles; 92% of members live within 30 miles/ 30 minutes of a SCP. Recruitment efforts to increase access to SCPs are currently underway.

Recommendation #2b has been implemented. CBHP HMOs and the State Managed Care Network are submitting data to Peregrine. Peregrine access has been given to the CBHP Health Plan Contract Managers thereby giving the ability to the Plan Managers to run network adequacy reports as needed.

Colorado Access, Rocky Mountain Health Plan and Kaiser have been reporting since the mid 1990's. Denver Medical Health Center and State Managed Care reporting began in July 2008.

Recommendation #2c is implemented and ongoing. The Department receives quarterly provider information from Peregrine. It was anticipated that an enrollment by county report would be available after April 2009. Requirements for developing an enrollment by county report have been included with the ongoing effort for other reports that are being developed in response to recommendations 5d, 8a and 14b. Implementation of all reports in CBMS have been impacted by the transition of Operations and Maintenance for the CBMS system from EDS to Deloitte. The transition has now been successfully completed, the release schedule for changes has just recently been finalized. As the requirements for these reports are defined, they will be included in the prioritization process for changes to be implemented in CBMS. The enrollment by county reports are among the top priorities for reports being defined for CBHP. CBHP has identified 22 new reports to be developed. The goal for implementing the first two reports is December 2009. Data on eligible populations by county was available from Colorado Health Institute (CHI) in a report submitted to the Department in the spring 2009. This report will be annually produced. Once these multiple data elements are available, thorough analysis of the provider network adequacy will be completed.

Recommendation #3 - The Department of Health Care Policy and Financing should discontinue the use of the current methodology for estimating the number of children eligible for CBHP. The Department should improve its processes for measuring the effect of the CBHP program on uninsured children by implementing a system to obtain valid, reliable estimates of the number of children eligible for CBHP. The system should include:

    a. **Use of a reliable, accurate, and verifiable method to estimate the number of children eligible for CBHP that considers the suggestions and data sources identified by the consultant in this report.**

    b. **Documentation of all source data and calculations, along with written descriptions of the methodology and the rationale for each element of the methodology.**

    c. **Rigorous oversight of the methodology and results by a Department staff member who is knowledgeable about the source data and methods used in the estimation process. Review of the method and results should be completed prior to reporting results.**

    d. **Regular analysis of the penetration rates to assess program performance, identify needed improvements, and make informed decisions about marketing and outreach.**

Agree. Planned Implementation Dates: a. October 31, 2008 b. October 31, 2008

c. October 31, 2008 d. April 1, 2009

July 2009 Update:

Recommendation #3a has been implemented. CHI designed a methodology utilizing Current Population Survey data, American Community Survey data, and Department caseload numbers to calculate eligible but not enrolled estimates. CHI's results indicate that approximately 8,619 children were eligible but not enrolled in CBHP based on data from 2005 to 2007. These estimates were calculated using the Current Population Survey, and were limited to uninsured children who are United States citizens or documented non-citizens who have resided in the country for five ore more years and met income guidelines.

The Department's Senior Budget Analyst and Senior Data Analyst worked with CHI to refine the analysis process. The results and accompanying narrative were provided to the Department in March 2009. They were reviewed and approved by the Department's Senior Budget Analyst and CBHP program staff.

CHI will refine the protocol next year using newly available data from the Colorado Household Survey and additional fields from the American Community Survey.

Recommendation #3b has been implemented. CHI provided written descriptions of the methodology and rationale for each element of the methodology.

Recommendation #3c has been implemented.
CHI designed a methodology utilizing Current Population Survey data, American Community Survey data, and Department caseload numbers to calculate eligible but not enrolled estimates. The Department's Senior Budget Analyst and Senior Data Analyst worked with CHI to refine the analysis process. The results and accompanying narrative were provided to the Department in March 2009. CHI's results and documentation were reviewed and approved by the Department's Senior Budget Analyst, as well as CBHP program staff.

Recommendation #3d has been implemented. The Department has developed a caseload churn report to track children. "Churn" is a standard term that indicates the prevalence of population change within a program or set of programs. At both the state and county levels, the report identifies the number of children new to Medicaid and CBHP during the month, the number of children dropping off the programs, and the number of children migrating between the two programs. This report was developed and is produced each month. The CBHP Outreach Coordinator has been informed of the report and will be utilizing it to make informed decisions concerning marketing and outreach. The Coordinator may use this report in conjunction with the numbers developed by CHI to analyze penetration rates, assess program performance, and refine outreach efforts. Due to small numbers and protected health information concerns, the report cannot be released publicly.

Recommendation #4 - The Department of Health Care Policy and Financing should improve the accuracy and consistency of the data it reports about the CBHP program by:

    a. Either using consistent definitions as the basis for reporting program data such as enrollment, eligibles, and penetrations rates in all reports, or explaining in its reports the basis for any differences in reported data.

    b. Improving its supervisory reviews of the data and methods used to determine and report program information, including enrollment statistics and penetration rates. Reviews should be conducted before   reports are used by the Department or issued to oversight bodies, CMS, or the public.

Agree. Planned Implementation Dates: a. April 30, 2009 b. Implemented and Ongoing

July 2009 Update:

Recommendation #4a is implemented and ongoing. CBHP regularly produces an annual report and federal reports. Before distribution of the reports, and with any other reporting, CBHP will continue to review all definitions used as the basis for reporting data and provide an explanation in any report as needed.

Recommendation #4b has been implemented. As stated in the Department's original response, this recommendation was implemented in March 2008.

Recommendation #5 - The Department of Health Care Policy and Financing should ensure the effectiveness of marketing and outreach activities for CBHP by:

    a. Working with the marketing and outreach contractor to identify key outreach-related data.

    b. Extracting key data from CBMS including the number of new application submissions, enrollments, and re-enrollments, by county and/or zip code, on a quarterly or semi-annual basis.

    c. Developing additional methods to collect data on results of specific marketing efforts to measure how applicants learned of CBHP and making changes to CBMS to record and report these data.

    d. Providing the data described in Parts a through c, above, as well as the penetration-rate data described in Recommendation No. 2, to the contractor for use in evaluating marketing activities and modifying strategies, as necessary.

Agree. Planned Implementation Dates: a. Implemented b. September 2008 c. October 31, 2009 d. December 2008 Revised to December 31, 2009

July 2009 Update:

Recommendation #5a has been implemented. As stated in the Department's original response, this recommendation has been implemented.

Recommendation #5b is implemented and ongoing. The Department has met the September 30, 2008 implementation date for the data extraction to receive application submission by county report. The Department continues to work on the retention rate report and the new enrollment by county report from CBMS. CBHP, CBMS, and data analysis staff continue to coordinate and work on the retention rate and the enrollment by county reports.

Recommendation #5c is implemented and ongoing. The Department decided not to pursue a member survey that would collect information on how clients hear about the program. This information is reported through the Colorado Rapids Application Tracking System by the CBHP Eligibility and Enrollment (E and E) Vendor, Affiliated Computer Services (ACS), customer service representatives. According to this tracking mechanism, most clients hear about CBHP from other Web sites, referrals, or a CBHP member. The data collected by the E and E vendor referred to in this response has been expanded to include tracking members who hear about CBHP through the Novella, a series of culturally competent 30-minute novellas designed to educate Spanish speakers in Colorado about the importance of health care, and to demonstrate means for accessing care for themselves and their families. The Department will continue to track this data and utilize the information in the design and delivery of outreach efforts. Due to budget constraints, the Department has terminated its contract with the marketing and outreach vendor.

Recommendation #5d is in progress. Requirements for developing a retention rate report have been included with the ongoing effort for other reports that are being developed in response to recommendations 8a and 14b. Implementation of all reports in CBMS have been impacted by the transition of Operations and Maintenance for the CBMS system from one vendor, EDS, to another vendor, Deloitte. Although the transition has been successfully completed, the release schedule for changes to the production environment has not yet been finalized. As the requirements for these reports are defined, they will be included in the prioritization process for changes to be implemented in CBMS. CBHP has identified 22 new reports to be developed. The goal for implementing the first two reports is December 2009.

Due to the current budget environment the Department has terminated its CBHP marketing and outreach contract with MAXIMUS. The Department plans to implement a new outreach model for clients eligible for and enrolled in Medicaid and CBHP beginning in January 2010. The new program, Healthy Communities, combines the best aspects of the EPSDT Outreach and Administrative Case Management program and the CBHP outreach program into one program to better meet the needs of our clients. In addition to CBMS reports, the Department will use currently available case load enrollment data from each region to measure enrollment changes.

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Recommendation #6 - The Department of Health Care Policy and Financing should strengthen its objectives, measures, and reporting for CBHP to help ensure access to quality and appropriate care for enrollees and fully comply with state and federal requirements by:

a. Ensuring its objectives are targeted to the program, are measurable, and are clearly tied to key health care services delivered through CBHP. This should include services to which the Department is specifically required to assure access under federal regulations.

b. Establishing measures that reflect the program's progress in accomplishing each objective.

c. Routinely analyzing the measures to identify program weaknesses and develop and implement solutions to address such weaknesses.

Agree. Planned Implementation Dates: a. August 31, 2008 b. August 31, 2008 c. April 30, 2009

July 2009 Update:

Recommendation #6a has been implemented. The CBHP Division has worked with the Quality Improvement Section to develop a Balanced Scorecard. The Balanced Scorecard contains performance objectives directly related to the mission of the Department, which is to improve access to cost-effective, quality health care services for Coloradoans. The Balanced Scorecard includes performance objectives and measures related to health outcomes, efficiency, access to care and services and client, provider and employee satisfaction. For example, a CBHP performance objective is to increase the rate of clients accessing medical and dental preventive care. Through performance improvement CBHP will be working with its providers, clients and other stakeholders to identify and remove barriers to clients accessing medical and dental preventive care.

The Balanced Scorecard has been finalized and the process to track data on objectives is underway. Incorporated into a contract effective July 1, 2009, quarterly reports will be furnished to monitor scorecard measures.

Recommendation #6b has been implemented. The CBHP Division has worked with the Quality Improvement Section to establish measures that reflect the program's progress in accomplishing each objective. The measures are included in the Balanced Scorecard. The first report on Balanced Scorecard Measures is due in October 2009. Reports will be produced quarterly and will be used to monitor the program's progress in accomplishing each objective.

Recommendation #6c is implemented and ongoing. The Department has established processes in coordination with the HMOs and actuary to effectively measure outcome data in order to identify weaknesses in the program to be able to address those weaknesses.

Recommendation #7 - The Department of Health Care Policy and Financing should reduce eligibility-determination errors for CBHP by improving oversight and training of eligibility sites. Specifically, the Department should:

a. Expand efforts to establish a comprehensive program for monitoring the CBHP eligibility-determination process. The program should identify and target high-volume and high-risk eligibility sites, compare case files with information in CBMS, focus on identifying and addressing eligibility sites with high error rates and recurring problems, and follow up with corrective action plans and changes to CBMS, as appropriate.

b. Expand CBHP training and technical assistance provided to eligibility sites to target the key issues identified through the Department's monitoring program. The training should include information on CBMS income calculations and other processes for determining eligibility.

c. Require eligibility sites to improve their quality/supervisory review process to ensure that workers correctly enter data into CBMS and review and improve CBHP eligibility determinations.

d. Investigate to determine the causes of the CBMS errors identified in the audit and modify CBMS as needed to correct the errors.

Agree. Planned Implementation Dates: a. November 30, 2008 b. Ongoing c. January 2009 d. July 31, 2008

July 2009 Update:

Recommendation #7a is implemented and ongoing. The Department has implemented a Medical Eligibility Quality Improvement Plan that was completed January 1, 2009. The Department is working with the eligibility sites to complete individual plans and implement quality reviews and report findings to the Department. The Department has established a committee with County and Medical Assistance (MA) site participation to establish appropriate measures to review cases for accurate and timely processing and determine best practices.

Recommendation #7b is implemented and ongoing. In March 2009 an FTE position was filled in the CBHP Division. This position is the CBHP CBMS Business Analyst whose duties include identification of training needs, and development and presentation of training materials to meet those needs. The first training session was conducted on November 3, 2008 related to processing of non-citizen classes in CBMS. A regional SSTABS conference was held in April of 2009 focused on CBMS processes related to CBHP Newborns and HMO selection. This position will continue to work with other Department resources to participate in scheduled training sessions and identify CBHP specific topics to be included as necessary.

Recommendation #7c is implemented and ongoing. The Department has implemented a Medical Eligibility Quality Improvement Plan that was completed January 1, 2009. The Department is working with the eligibility sites to complete individual plans and implement quality reviews and report findings to the Department. Part of the quality improvement plan is to have the eligibility sites review case files for accuracy and timely processing. The Department has established a committee with County and MA site participation to establish appropriate measures to review cases for accurate and timely processing and determine best practices.

Recommendation #7d has been implemented. The investigation was completed in July 2008. One case was fixed with a CBMS rewrite on November 3, 2007. Another case was fixed in CBMS in October 2008. The third case was determined to be caused by a data entry error and the fourth case was correctly denied for the applicant being over income

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Recommendation #8 - The Department of Health Care Policy and Financing should improve its monitoring of application processing for CBHP by eligibility sites to ensure eligibility decisions are made timely, in accordance with federal and state rules and guidelines. Specifically, the Department should:

   a. **Develop reports in CBMS and compile statistics on program performance with respect to timely processing of applications. The statistics should include the proportion of applications processed   timely or late, and the aging of delayed applications.**

   b. **Work with the eligibility sites to investigate the underlying factors contributing to processing delays, including the reasons CBHP applications, supporting documentation, or enrollment fees have not   been entered or processed in CBMS.**

   c. **Further target training and technical assistance to address the underlying problems of late processing.**

   d. **Consider the costs and benefits of expanding the eligibility and enrollment contract on either a permanent or temporary basis to reduce backlogs at the eligibility sites.**

Agree. Planned Implementation Dates: a. December 2008 Revised to December 2009 b. January 31, 2009 c. January 31, 2009 d. July 2009 Revised to July 31, 2010

June 2009 Update:

Recommendation #8a is in progress. Requirements for developing program performance/timely processing reports has been included with the ongoing effort for other reports that are being developed in response to recommendations 8a and 14b.

Implementation of all reports in CBMS have been impacted by the transition of Operations and Maintenance of the CBMS system from EDS to Deloitte. Although the transition has been successfully completed, the release schedule for changes into the production environment for future changes has not yet been finalized. As the requirements for these reports are defined, they will be included in the prioritization process for changes to be implemented in CBMS. CBHP has identified 22 new reports to be developed. The goal for implementing the first two reports is December 2009.

Recommendation #8b is implemented and ongoing. The Department has implemented a Medical Eligibility Quality Improvement Plan that was completed January 1, 2009. The Department is working with the eligibility sites to complete individual plans and implement quality reviews and report findings to the Department. The Department has established a committee with County and medical assistance (MA) site participation to establish appropriate measures to review cases for accurate and timely processing and determine best practices. The Medical Eligibility Quality Improvement Plan requires County and MA sites to develop and implement a procedure for reviewing the processing of applications, implement corrective action plans for thresholds identified by the Department, and report this information quarterly to the Department to ensure timely processing of applications.

Recommendation #8c is implemented and ongoing. The Department continues to provide regional trainings. Regional trainings were completed in May and June 2009 which consisted of CBHP program representatives assisting technicians and community partners in understanding program rules and training eligibility sites on best practices. These regional trainings are scheduled throughout the year, in addition to the annual Social Service Technical and Business Staffs' (SSTABS) conference. CBHP representatives will continue to identify topics and participate in these training sessions.

Recommendation #8d is in progress. The Department did consider the cost and benefits of expanding the eligibility and enrolment contract to reduce backlogs. Currently, two MA sites (E and E vendor and Peak Vista) are processing over flow applications from other eligibility sites. It is the Intention that this overflow process will continue and expand if the need arises.

Recommendation #9 - The Department of Health Care Policy and Financing should improve the redetermination process and improve retention for the CBHP program by:

a. **Routinely calculating program retention rates and analyzing data on program retention.**

b. **Modifying the redetermination application to clarify the requirements for documentation and reporting of changes in circumstances. The Department should further assess the redetermination application for any additional changes to make it more user-friendly.**

c. **Beginning to send reminders to families regarding the submission of their redetermination applications as soon as possible.**

d. **Considering the use of periodic surveys, focus groups, or review of existing research to identify barriers to reapplication, as well as other methods to remind families to reapply, such as those used by other SCHIP programs.**

Agree. Planned Implementation Dates: a. July 31, 2008 b. May 2009 Revised to May 31, 2010 c. May 2009 Revised to September 2009 d. October 30, 2009

July 2009 Update:

Recommendation #9a has been implemented. Retention tracking information was implemented in Colorado Rapid Application Tracking System by the CBHP Eligibility & Enrollment vendor and is part of contractual monthly reports effective August 1, 2008. Information will be tracked on incomplete renewals, incomplete verification and returned mail due to incorrect address. This will be included in the Eligibility & Enrollment Vendor's monthly reports.

Recommendation #9b is in progress. Changes have been approved to modify the language of the cover letter that is mailed with the redetermination which clarifies the documentation requirements for each program. Currently, these changes are being evaluated for budgetary impact to client correspondence volume which may impact implementation dates depending on the outcome.

Recommendation #9c is in progress. There are two parts to this recommendation: the first part involves developing an automated renewal reminder from CBMS. The requirements for an automated reminder have been documented. The implementation has been dependent upon the successful transition of CBMS to a new vendor. The transition has been completed, however, the release schedule for implementing changes to the production environment has not yet been finalized. The change request to automatically generate renewal reminder notices has been prioritized to be included in the first set of changes to be implemented. The target for this first implementation build is currently scheduled for September 2009, pending change control board approval. The second part involves sending information to the HMOs so that they may send out reminders to the families. We will not be able to provide a projected implementation date until Deloitte, the new CBMS contractor, has provided the Department with design proposals which are expected sometime in the September 2009 timeframe.

Recommendation #9d is implemented and ongoing. Colorado Covering Kids and Families researched and published a detailed report on the Department's outreach and marketing efforts and barriers to applying and re-applying. In order to not duplicate this substantial effort, MAXIMUS, Inc., conducted a partner training needs assessment survey to identify partner training needs required to increase the effectiveness of their outreach and marketing efforts. The Department sponsored seven free regional training conferences held statewide.

All conferences provided CBHP training with a separate panel discussion on best practices to enroll and retain children in CBHP.

Recommendation #10 - The Department of Health Care Policy and Financing should ensure ineligible women and children are properly and timely disenrolled from CBHP. Specifically, the Department should:

a. **Review the 885 individuals identified during our audit who were not disenrolled on time, ensure any ineligible individuals indentified through the review have been properly disenrolled, and review and recover payments made for the ineligible individuals.**

b. **Strengthen efforts to ensure that, until the planned changes to CBMS and MMIS are fully implemented and working properly, participants are disenrolled from CBHP as soon as their eligibility ends. This should include modifying the contract with ACS to include performance standards for timely and accurate disenrollments, monitoring and enforcing ACS' compliance with the performance standards, identifying and actively monitoring individuals due for disenrollment, and working with ACS to improve the accuracy of disenrollment reports.**

c. **Prioritize changes to MMIS and CBMS to ensure disenrollments occur timely and accurately in the future.**

Agree. Planned Implementation Dates: a. June 30. 2008 b. September 2008 Revised to December 2009 c. May 31, 2008

July 2009 Update:

Recommendation #10a is in progress. As noted in the Department's original response, this recommendation to review the 885 cases identified in the audit has been implemented. The review was completed on October 16, 2008. The Department made the determination not to seek recovery from the provider or ASO vendor but continues to work with CMS to ensure any federal dollars spent during the period of ineligibility are reimbursed.

Recommendation #10b is in progress, however please note that the disenrollment reports are completed and only the prenatal report is in progress. Disenrollment reports include 1 year old CBHP members along with 19 year olds. Performance measures are attached to the monthly report in the Eligibility and Enrollment (E and E) Vendor Contract Amendment effective September 1, 2008. Business requirements for the pre-natal report have been completed and we are currently waiting for prioritization. The target date for the report in CBMS is December 2009. Once the report is implemented in CBMS, performance measures will be added to the E and E Vendor Contract.

Recommendation #10c has been implemented. As noted in the Department's original response, this recommendation was implemented in May 2008.

Recommendation #11 - The Department of Health Care Policy and Financing should strengthen controls over the handling and safeguarding of CBHP enrollment-fee collections and information recorded into CBMS by:

a. Amending the contract to require the eligibility and enrollment contractor to establish and follow specified cash-control policies and procedures, particularly with respect to securing and depositing enrollment fees in a timely way, posting enrollment-fee information to CBMS promptly, completing timely and fully documented monthly reconciliations between fees received and deposits, and maintaining segregation of duties.

b. Periodically verifying that the contractor follows through in all areas and taking corrective action if necessary.

c. Performing monthly bank reconciliations to ensure all enrollment fees paid are deposited into the CBHP bank account and that CBMS fee records are accurate and complete. The Department should work with the contractor to resolve all discrepancies.

Agree. Planned Implementation Dates: a. September 30, 2008 b. September 30, 2008 c. September 30, 2008

July 2009 Update:

Recommendation #11a has been implemented. Effective October 1, 2008 a new enrollment fee process was developed for the Eligibility and Enrollment vendor which focuses on monitoring performance measures. The performance measures in the contract include timeliness of enrollment fee posting into CBMS and posting accuracy based on monthly reconciliations of enrollment fee receivables with deposit slips.

Recommendation #11b has been implemented. The Contract Manager currently reviews monthly reports and responds to the Eligibility & Enrollment vendor with a monthly receiving report based on monthly data and performance requirements.

Recommendation #11c has been implemented. Effective July 1, 2008 a new enrollment fee process was put into place by the Eligibility and Enrollment Contract Manager. The contract manager is responsible for verifying that enrollment fees are input correctly into CBMS. The contract manager is also responsible for quality audits of daily deposit slips and daily lock box reports to ensure accuracy. Monthly reconciliation is also completed by using the lock box reports, deposit slips and monthly bank statement.

Recommendation #12 - The Department of Health Care Policy and Financing should ensure its procedures for approving applicants for CBHP are consistent with federal regulations by continuing to work with the Center for Medicare and Medicaid Services (CMS) to ensure the corrective action plan, including both the temporary and permanent procedures for implementing the Deficit Reduction Act as it affects CBHP, is acceptable.

Agree. Planned Implementation Date: Ongoing

July 2009 Update:

Recommendation #12 is implemented and ongoing. The Department held a conference call with CMS on December 10, 2008 and presented its options explaining the system limitations. CMS was to respond to the Department's proposal to reimburse them for inappropriate claims from the time of the September 15, 2007 letter to the time the Department discontinued the process in January 2008. To date, the Department has not received any communication from CMS.

Recommendation #13 - The Department of Health Care Policy and Financing should improve accountability for the CBHP program by establishing and implementing policies and procedures for contract management that, at a minimum, include requirements for:

    a. Contracts to include performance standards for all key functions for which the contractor is responsible.

    b. Contract managers to follow established procedures for monitoring and enforcing contract provisions, including conducting ongoing assessments of contractors against performance standards, particularly before renewing contracts.

    c. Documentation to be maintained in contract files to fully demonstrate the Department's oversight of contractors, including records of all communications and contract-related decisions.

    d. All staff with contract management responsibilities to be adequately trained.

    e. Staff to take timely action to address instances in which contracts lack needed provisions and contractors do not meet contractual requirements.

Agree. Planned Implementation Dates: a. January 31, 2009 b. October 31, 2008 c. Implemented and Ongoing d. October 31, 2008 e. October 31, 2008

July 2009 Update:

Recommendation #13a has been implemented. Performance standards for all key functions have been included in all CBHP contracts.

Recommendation #13b has been implemented. The Procurement Director drafted a Department-wide Standard Operating Procedure (SOP) on contract management. This SOP clarifies the Department's standards regarding the importance of utilizing the State of Colorado Contract Procedures and Management Manual for contract monitoring. The SOP was completed by October 2008.

Recommendation #13c has been implemented. As stated in the Department's original response, this recommendation was implemented in April 2008 and is ongoing.

Recommendation #13d is implemented and ongoing. The Procurement Director has developed a contract management training. This training was offered to the CBHP contract managers, the Section Manager and the Division Director on November 3, 2008. All new CBHP contract managers will be provided with this training.

Recommendation #13e has been implemented. CBHP staff has taken timely action as appropriate to address instances in which contracts lack needed provisions. This process has been improved upon since the contract management training was provided. Effective in July and August 2008, the Administrative Services Organization (ASO) contract was rewritten and includes provisions not in the previous contract. Additional provisions in the eligibility and enrollment contract amendment include enrollment fee and application processing. The HMO contract amendments include new reporting requirements, such as quality of care issues, inpatient hospitalization incidents, appeals and member complaints. Furthermore, an Individual Performance Objective (IPO) has been developed for CBHP contract managers to specifically address responsibilities of a contract manager.

All requirements of this response were met within the CBHP Division by October 2008 with the exception of the contract management training which was offered on November 3, 2008.

Recommendation #14 - The Department of Health Care Policy and Financing should ensure it has adequate and accurate information to effectively manage CBHP by:

a. **Systematically identifying the data needed to effectively manage CBHP, the sources of such data, and how the data will be used.**

b. **Establishing data collection and analysis processes to meet the identified needs.**

c. **Reviewing, analyzing, and using the data it gathers on an ongoing basis to evaluate the program and to identify and implement needed improvements.**

Agree. Planned Implementation Dates: a. Implemented and Ongoing b. June 2009 Revised to December 31, 2009 c. June 30, 2009

July 2009 Update:

Recommendation #14a has been implemented. As stated in the Department's original response, this recommendation has been implemented.

Recommendation #14b is in progress. CBHP staff has completed defining requirements for several new reports to be generated out of CBMS, and will continue to define requirements for new reports to be developed. The development and implementation of these new reports is impacted by the transition of the Operations and Maintenance of CBMS from EDS to Deloitte, and the first reports are expected to be implemented by December 2009.

Recommendation #14c is implemented and ongoing. This is an ongoing activity and many of the reports that are available for the administration of the CBHP Program are already being monitored and used by CBHP staff. CBHP is in the process of reviewing all of the CBHP reports that are available through CBMS and developing a reference that identifies these reports, as well as CBHP reports that have been identified for development in the future. This reference will be maintained and made available to CBHP staff for utilization in administration of the program.

Recommendation #15 – The Department of Health Care Policy and Financing should establish a system to address suspected fraud and abuse activities for CBHP by:

a. Developing and implementing written policies and procedures that define strategies to prevent, detect, and investigate fraud. This should include defining activities for preventing, detecting, and investigating fraud or abuse allegations that will be performed by the Department and those that will be delegated to counties and contractors.

b. Modifying contracts to specify each contractor's duties for suspected fraud and abuse prevention, detection, investigation, and reporting.

c. Ensuring that contractors and county departments routinely report to the Department all allegations, investigations, and referrals of fraud and abuse related to CBHP. This should include cases of fraud in other public programs that involve CBHP enrollees.

d. Reviewing fraud and abuse data reported by counties and contractors on an ongoing basis to ensure that allegations are properly investigated and referred to law enforcement, if appropriate, and to identify areas in which program controls may need to be strengthened.

Agree. Planned Implementation Dates: a, b. c. and d New Implementation Date –

July 2010

June 2009 Update:

Recommendation #15a is in progress. This scope of work has been added to the new CBHP RFP for eligibility and enrollment services which is in draft form as of August 2009. This RFP includes a scope of work that outlines fraud and abuse and also defines what is expected from the Department, counties, E and E vendor and other eligibility sites. The scope of work in the RFP will be in the contract. The new contract for this scope of work will be effective July 1, 2010 as part of the Colorado Eligibility Modernization Project. The Department believes the E and E vendor is in the best position to assume responsibilities for preventing, detecting and investigating fraud, waste and abuse. In addition, the Department has established a client fraud task force which will be developing policies and procedures for preventing, detecting and investigating fraud and abuse allegations.

Recommendation #15b is in progress. The RFP for the CBHP eligibility and enrollment contract that was issued on February 8, 2008 was not successful. As a result, the Department is in the process of drafting a new RFP for this scope of work. It is anticipated that the RFP will be released in FY 10, with a new contract effective July 2010. The scope of work in this RFP includes development of a fraud, waste, and abuse program. In addition, the contracted CBHP health plans, have written policies and procedures regarding provider fraud, abuse and waste. These policies and procedures have been approved by the Department. Incidence of fraud, waste and abuse are reported to the Department quarterly by the CBHP health plans as required by their contracts.

Recommendation #15c is in progress. This scope of work has been added to the new CBHP RFP for eligibility and enrollment services which is in draft form as of August 2009. This RFP includes scope of work that outlines fraud and abuse and also defines what is expected from the Department, counties, eligibility and enrollment vendor, and other eligibility sites and what the fraud and abuse responsibilities are. The scope of work in the RFP will be in the contract. The new contract for this scope of work will be effective July 1, 2010 as part of the Colorado Eligibility Modernization Project. Once policies and procedures are developed, counties and other vendors will be notified of the new procedures for reporting fraud. In addition, the Department has established a client fraud task force which will be developing policies and procedures for preventing, detecting and investigating fraud and abuse allegations.

Recommendation #15d is in progress. This scope of work has been added to the new CBHP RFP which is in draft form as of August 2009. This RFP includes scope of work that outlines fraud and abuse and also defines what is expected from the Department, counties, vendor and other eligibility sites and what the fraud and abuse responsibilities are. The scope of work in the RFP will be in the contract. The new contract for this scope of work will be effective July 1, 2010 as part of the Colorado Eligibility Modernization Project. The vendor will be responsible for reporting fraudulent cases on a quarterly basis for the Department to review. The Department will analyze the quarterly reports and identify areas where program controls may need to be strengthened.

Recommendation #16a - The Department of Health Care Policy and Financing should implement a comprehensive complaints management system for CBHP. As part of the system the Department should:

a. Clearly define the roles and responsibilities of counties, medical assistance sites, contractors, and Department staff for accepting, documenting, and resolving complaints related to CBHP. The Department should include provisions in contracts, as necessary, to reflect complaint handling duties.

b. Develop guidance on referring complaints among organizations for proper handling.

c. Establish a mechanism for the Department to collect, log, track, and ensure the resolution of all CBHP-related complaints.

d. Periodically analyze complaint data and use the data to make improvements to CBHP operations.

Agree. Planned Implementation Dates: a. January 2009 Revised to September 2009 b. January 2009 Revised to July 2010 c. Implemented and Ongoing Revised to December 2009 d. January 2009

July 2009 Update:

Recommendation #16a has been implemented. The Department has established a complaint management process with the CBHP E and E vendor so that there are options for filing complaints and reporting of those complaints. The customer service manager of the CBHP E and E vendor is the key person responsible for the complaint process as directed by the contract manager. The customer service manager has created a database that tracks complaints received via phone, voicemail and e-mail and is then reported in the monthly report which is given to the contract manager. Complaints are tracked based on category such as, program, processes, applications and service. This complaint process was communicated in November of 2008 through the CBHP Newsletter to eligibility sites and our community partners. Essentially, the eligibility and enrollment vendor collects complaints via email, website or phone and reports those in the quarterly reports provided to the contract manager.

Recommendation #16b is in progress. This scope of work has been added to the new CBHP RFP for eligibility and enrollment services which is in draft form as of August 2009. This RFP includes scope of work that outlines complaint tracking and the responsibility of the vendor including a tracking system. The scope of work in this RFP will be in the contract. The new contract for this scope of work will be effective July 1, 2010 as part of the Colorado Eligibility Modernization Project. Additionally, instructions for counties and vendors to report complaints is currently in clearance in the Department; these instructions should go out in August via a County and Medical Assistance Site Director Letter.

Recommendation #16c is in progress. The Department had established a mechanism to collect, log, track, and ensure the resolution of CBHP-related complaints from the Regional Outreach Coordinators. Additionally, CBHP developed an internal complaint tracking database for staff to use when calls came directly to them. This database was not found to be user-friendly and consequently, CBHP had decided to wait to use the Department-wide complaint tracking system currently under development which will include CBHP specific issues.

Recommendation #16d in progress. The Department had been analyzing the feedback log provided by the Regional Outreach Coordinators, employed by Maximus, Inc., and used the data to identify areas of improvement. However, the contract with Maximus was terminated at the end of Fiscal Year 2009 due to current budget constraints. The Department continues to develop an improved complaint tracking system that will be used to analyze the CBHP complaint data.

COLORADO DEPARTMENT OF HEALTH CARE POLICY

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Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

July 15, 2009

Ms. Sally Symanski, State Auditor
Office of the State Auditor
Legislative Council Building
200 E. 14th Avenue
Denver, CO 80203

Dear Ms. Symanski:

Please find the Department of Health Care Policy and Financing's status update to the November 2008 Children's Basic Health Plan Managed Care Audit.

If you have any questions or comments, please feel free to contact the Department's Audit Coordinator, Laurie Simon at 303-866-2590 or laurie.simon@state.co.us.

Sincerely,

Joan Henneberry
Executive Director

JH:las

cc: Representative Dianne Primavera, Chair
        Senator David Schultheis, Vice-Chair
        Senator Jim Isgar, Legislative Audit Committee
        Representative Jim Kerr, Legislative Audit Committee
        Representative Frank McNulty, Legislative Audit Committee
        Representative Joe Miklosi, Legislative Audit Committee
        Senator Shawn Mitchell, Legislative Audit Committee
        Senator Lois Tochtrop, Legislative Audit Committee
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        Jennifer Evans, Administration and Operations Office Director
        Bill Heller, CHP+ Division Director
        Laurie Simon, HCPF Audit Coordinator

"The mission of the Department of Health Care Policy & Financing is to improve access to cost-effective, quality health care services for Coloradans"
http://www.chcpf.state.co.us

The Colorado Department of Health Care Policy and Financing's
Status Update on the November 2008 Children's Basic Health Plan
Managed Care Audit

July 2009

Recommendation No 1 - The Department of Health Care Policy and Financing
should ensure that the Administrative Services Organization (ASO) contractor for
the State Managed Care Network delivers a full-range of case management services
that specifically target the medical, financial, and social needs of CBHP enrollees.
The Department should:

a. Establish policies for the ASO contractor and/or add requirements to the
   contract requiring the contractor to: (1) inform the Department of its
   procedures for contacting potential case management participants and
   maintaining current enrollee contact information, and (2) maintain complete
   and readily-accessible case management files that demonstrate the adequacy
   of the case management program.

b. Ensure that the agreed-upon case management/care management report
   required in the new contract contains the data needed to assess compliance
   with the contract and measure the effectiveness of case management services.

c. Review a sample of files maintained by the contractor for case management
   enrollees at least annually to assess the identification and contact procedures
   and the types and frequency of case management services provided to CBHP
   enrollees. The Department should provide a written report detailing the
   results of the review, including deficiencies, to the contractor.

d. Require the contractor to submit a plan to correct any deficiencies identified
   in the Department's review within a specified time frame and follow up to
   ensure that problems are addressed.

e. Enforce requirements for case management staff to receive appropriate
   training on the CBHP program.

Agree. Planned Implementation Dates: a. January 2009 b. January 2009
c. January 2009 d. February 2009 e. Implemented and Ongoing

July 2009 Update:

Recommendation No 1a is implemented and ongoing. The Department has finalized
the case/care management policy and procedure and has incorporated requirements into
the ASO contract that the contractor inform the Department of the process by which
potential case/care management participants are contacted. The contractor has fully
operationalized the new policies and procedures regarding the CBHP program and they

are in the process of incorporating them into all lines of business. Any further changes to the policies and procedures will be subject to the Department's final approval.

Recommendation No 1b has been implemented. The Department has added slight report clarifications so that the agreed-upon case/care management report required in the new contract contains the data needed to assess compliance and measure the effectiveness of case/care management services. For example, the contractor is to include the number of members referred to case/care management compared to those who actually enrolled and document stratification criteria so that discharge from the program can be measured against health outcomes.

Recommendation No 1c has been implemented. The Department has implemented the process of reviewing, at least annually, a sample of the case/care management files maintained by the contractor. For each audit performed by the Department a written report is issued to the contractor detailing the results of the review. The contractor responds to this report in writing detailing their plan to address all issues brought forth by the Department.

In January 2009, the Department performed the first audit of the new contractor reviewing a sample of case/care management files maintained by the contractor. The Department provided a written report to the contractor detailing the results of the review. The case file did not identify any deficiencies or issues.

Recommendation No 1d is implemented and ongoing. There were no deficiencies identified in the January review, therefore no corrective action plan is necessary. On an ongoing basis, the Department will provide the contractor with a written report based on the Department's review. If any deficiencies are identified during the review the Department will require the contractor to submit a corrective action plan.

Recommendation No 1e is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 2 - The Department of Health Care Policy and Financing should work with its Administrative Services Organization (ASO) contractor for the State Managed Care Network to set specific goals, outcome measures, and performance standards for case management services provided to CBHP enrollees. This should include:

a. **Ensuring that the agreed-upon reports on case management required in the contract include data to measure the effectiveness of case management services in achieving the specified goals, outcome measures, and performance measures.**

b. **Using the results to monitor the contractor's performance in delivering these services and to make decisions about future case management services provided to enrollees.**

c. Developing specific performance standards related to case management services and including the standards in the ASO contract.

Agree. Planned Implementation Dates: a. November 2008 b. November 2008 c. July 2009

July 2009 Update:

Recommendation No 2a is implemented and ongoing. The Department received the first quarterly report from the contractor containing the case management reports in November as planned. The reports were thoroughly reviewed by the Department and feedback was given to the contractor in November. Per the Department's request the contractor provided additional data to further strengthen the report. Based on this research and evaluation, the case/care management policy and procedures address specified goals, outcome measures, and performance measures for case management.

Recommendation No 2b is implemented and ongoing. Based on the case management reports received in November, the Department immediately began working with the contractor to make enhancements to the program. These changes included items such as risk stratification, post-partum depression screening, and tracking members identified but never enrolled into care management.

Recommendation No 2c is implemented and ongoing. The Department has developed additional performance standards related to case management services and included the new standards in the ASO contract. Review and analysis has been conducted throughout the year and standards have been incorporated into the July 2009 ASO contract amendment for Fiscal Year 2010.

Recommendation No 3 - The Department of Health Care Policy and Financing should improve cost and utilization data and analysis provided by its Administrative Services Organization contractor for the State Managed Care Network by:
    a. Ensuring that the cost and utilization reports submitted by the contractor comply with the agreed-upon design.

    b. Regularly analyzing the reported cost and utilization data and using it to make financial and programmatic decisions and to establish program goals.

Agree. Planned Implementation Dates: a. Implemented and Ongoing b. November 2008

July 2009 Update:

Recommendation No 3a is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 3b is implemented and ongoing. The Department is using the data and analyses provided by the ASO vendor to guide financial and programmatic decisions and assist with establishing program goals. This has been the case with the current economic downturn requiring further analysis of cost drivers in the CBHP program. The Department has relied on all of its data sources including regular analysis of cost and utilization for CBHP to make financial and programmatic decisions.

Recommendation No 4 - The Department of Health Care Policy and Financing should improve the accuracy of claims payments for the State Managed Care Network by:

    a. Continuing to work with Anthem to assess the extent of payment errors, such as those identified in this audit and in the external contractor's review, in other CBHP claims paid in Fiscal Years 2006 and 2007.

    b. Using this audit and the review recommended in part "a" to determine the total dollar amount of claims paid in error and seeking recovery for each payment.

    c. Implementing an onsite review process going forward to assess the Administrative Services Organization (ASO) contractor's: (1) controls to pay and deny claims in accordance with all applicable requirements, and (2) accuracy and timeliness in processing CBHP claims. The review should occur at least annually. If the Department continues to contract for claims reviews, it should ensure that the contracts provide adequate direction on the scope and purpose of the reviews.

    d. Establishing a process to follow up with the ASO contractor on any problems identified from the onsite claims review process to ensure corrective action is taken.

    e. Amending the ASO contract to include a liquidated damages provision for paying claims filed by providers after the established deadlines and without having negotiated with non-participating providers.

Agree. Planned Implementation Dates: a. Ongoing b. January 2009. New Implementation date: August 2009 c. July 2010 d. Implemented and ongoing e. January 2009. New Implementation date: July 2009

July 2009 Update:

Recommendation No 4a is implemented and ongoing. The Department continues to reconcile claims with Anthem. A third party vendor has reviewed claims paid by Anthem to determine a final dollar amount of claims paid in error, and that amount was withheld from the reconciliation payment. Anthem is currently disputing some of the findings. An initial reconciliation payment with withholdings based on payment errors was made to Anthem in May 2009. The Department anticipates a final reconciliation will be completed by August 2009.

Recommendation No 4b is in progress. As stated in the response to "A" above. The Department has determined the total dollar amount of claims paid in error, however, Anthem is disputing the dollar amount. Anthem has agreed to provide documentation to support their argument and will have the documentation to us by the end of July 2009.

Recommendation No 4c is in progress. Currently, this recommendation is on track with the July 2010 implementation date. With the new ASO contract effective July 2008, the Department put into place a comprehensive review process to assess the ASO's compliance with claims processing requirements. This review process is performed by a third party vendor and is not conducted on-site; the review is conducted using claims data from the ASO vendor. The Department has ensured that the contractual language with the third-party vendor currently conducting the claims reviews provides adequate direction on the scope and purpose of the reviews. This revision has been made to the contract for SFY 2009-2010. The Department is taking measures to increase review of the ASO's claims transaction accuracy. In addition the CBHP Division is partnering with the Department's Program Integrity (PI) Section to incorporate CBHP claims review into a contingency-based contract. The request for proposal (RFP) for this scope of work is being drafted by Program Integrity for a release date in the late Fall of 2009. CBHP will be included in the scope of work outlined in the RFP.

Recommendation No 4d is implemented and ongoing. There is a process in place to follow up with the ASO vendor when concerns around appropriate claims denial, accuracy in payment, and timeliness of processing are identified through the anomaly reports, quarterly reports, or other claims analyses.

Recommendation 4e has been implemented. The Contract Amendment has been written to include a liquidated damages provision for paying claims filed by providers after the established deadlines and without having negotiated with non-participating providers. The contract amendment was executed in July 2009.

Recommendation No 5 – The Department of Health Care Policy and Financing should strengthen quality assurance mechanisms related to the accuracy of claims processing for the Children's Basic Health Plan by the Administrative Services Organization (ASO). This should include:

a. Adding specific provisions to the contract with the independent contractor regarding the frequency and content of anomaly reports on claims processed by the ASO.

b. Measuring the ASO contractor's compliance with contract requirements associated with quality assurance activities for claims processing on a periodic basis and making recommendations to the contractor on areas of improvement, as necessary. This should include a thorough review of all ASO contractor reports and ensuring that the contractor's claims audits review the minimum percentage of claims specified in the contract.

Agree. Planned Implementation Dates: a. July 2009 b. Implemented and ongoing

July 2009 Update:

Recommendation No 5a has been implemented. The Department has added specific provisions to the third-party review contract regarding frequency and content of the State Managed Care Network claims anomaly reports. This revision was made to the state FY09-10 contract amendment.

Recommendation No 5b is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 6 - The Department of Health Care Policy and Financing should ensure that CBHP claims for the State Managed Care Network are processed by the Administrative Services Organization contractor in a timely manner. This should include monitoring the contractor's compliance with requirements in the contract related to the timely processing of claims and assessing liquidated damages when standards are not met.

Agree. Planned Implementation Date: Implemented and ongoing

July 2009 Update:

Recommendation No 6 is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 7 - The Department of Health Care Policy and Financing should enhance accountability for services delivered by the Administrative Services Organization contractor responsible for administering the CBHP State Managed Care Network by:

a. Adding to and strengthening provisions and performance standards in the contract to promote accountability.

b. Implementing a process to independently monitor the contractor's compliance with contract provisions, including on-site reviews of the contractor, ensuring that the contractor submits corrective action plans for substantial or recurring compliance issues identified from the monitoring process, and following up to ensure problems are addressed.

c. Maintaining a contract administration file containing all documentation of the Department's contract monitoring activities, its interaction with the contractor, and its decisions affecting the contract.

d. Applying liquidated damages when appropriate and periodically reassessing liquidated damage amounts to ensure they are adequate to protect the State and serve as incentives for contract compliance.

e. Evaluating the costs and benefits of alternative delivery models for the State Managed Care Network, including placing the ASO contractor at risk for a specified number of medical services.

Agree. Planned Implementation Dates: a. July 2009 b. Implemented and ongoing c. Implemented and ongoing d. Implemented and ongoing e. July 2009

July 2009 Update:

Recommendation No 7a is implemented and ongoing. The Department strengthened provisions in the current ASO contract that went into effect July 2008 and will continue to evaluate how to strengthen provisions and performance standards to promote accountability. New reporting requirements on care management have been added to this contract amendment for SFY 09-10.

Recommendation No 7b is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 7c is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 7d is implemented and ongoing. As stated in the Department's original response, this recommendation has been implemented.

Recommendation No 7e is implemented. The Department has implemented a retainage policy for the first time and incorporated language in the fiscal year 2010 contract. This new process is a first step toward a pay for performance type of arrangement. Over time as more analysis on utilization trends is accomplished, the pay for performance will be targeted more specifically with health care delivery and outcomes.

Recommendation No 8 – The Department of Health Care Policy and Financing should ensure that it collects and maintains appropriate and sufficient data to support disbursements of CBHP monies. Specifically, the Department should:

a. Continue to work with providers to resolve the outstanding dispute regarding capitation payments for Fiscal Years 2005 and 2006 and ensure that it has adequate supporting documentation for the amount it ultimately pays these providers.

b. Work with the federal Centers for Medicare and Medicaid Services to determine if any federal funds should be repaid related to this issue.

Agree. Planned Implementation Dates: a. Ongoing. New Implementation Date: September 2009 b. April 2009. New Implementation Date: December 2009

July 2009 Update:

Recommendation No 8a is ongoing. The Department has received supporting documentation from the provider group and is currently reviewing it to determine the final resolution on payment.

Recommendation No 8b is in progress. If the final resolution results in a refund to the Department, the Department will ensure that federal dollars are reimbursed.