



January 29, 2025

Medicaid Correspondence – Status Report

Members of the Legislative Audit Committee:

Attached is the status report from the Department of Health Care Policy and Financing (Department) on the implementation of recommendations contained in the Office of the State Auditor's (OSA) *Medicaid Correspondence Performance Audit, October 2023*.

OSA Review of Documentation

As part of the status report process, we requested and received supporting documentation for each recommendation that the Department reported as having been implemented or partially implemented. Specifically, we reviewed the following documentation:

- Screenshots and data from a dashboard that monitors the monthly number of potential errors in Medicaid correspondence such as duplicate letters, approval and denial letters sent in the same month, and letters with over 50 pages.
- Screenshots of Medicaid help desk tickets showing that some changes have been made to the Department's Medicaid information system, the Colorado Benefits Management System (CBMS), to correct issues causing duplicate notices, letters with multiple benefit start dates, and incorrect appeal dates.
- 27 Medicaid letter templates the Department says it has updated for compliance with Medicaid Correspondence laws.
- An inventory of letters sent by the Department's contractors with contact information for the Department's contract monitors.
- A list of Department staff members assigned to improving correspondence, including those members assigned to a correspondence steering committee and a newly hired communication and compliance specialist.

- Training materials on writing in plain language and a written procedure requiring communications staff to review changes to correspondence.

Based on our review, the supporting documentation substantiates the Department's reported implementation status.



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**Department of Health Care
Policy & Financing**

303 E. 17th Ave. Suite 1100
Denver, CO 80203

August 19, 2024

Kerri L. Hunter, CPA, CFE
State Auditor
Colorado Office of the State Auditor
1525 Sherman St., 7th Floor
Denver, CO 80203

Dear Auditor Hunter:

In response to your request, we have prepared the attached report on the implementation status of audit recommendations contained in the Medicaid Correspondence Performance Audit. The report provides a brief explanation of the actions taken by the Department of Health Care Policy & Financing (HCPF) to implement each recommendation.

HCPF is proud to report that almost all recommendations have been partially implemented, and all recommendations are on track to be fully implemented by the established implementation date.

If you have any questions about this status report and HCPF's efforts to implement the audit recommendations, please contact Christine Bickers at 303-866-3259 or ExternalAudits@state.co.us.

Sincerely,

/s/

Kristen Lundy
Manager of Member Content Strategy & Compliance

Audit Recommendation Status Report

Audit Name:	Medicaid Correspondence
Audit Number:	2261P
Agency:	Department of Health Care Policy & Financing
Date of Status Report:	August 19, 2024

Section I: Summary				
Rec. Number	Response from Audit Report	Original Implementation Date	Current Implementation Status	Current Implementation Date
1A	Agree	July 2026	Partially Implemented	July 2025
1B(i)	Agree	July 2026	Partially Implemented	July 2026
1B(ii)	Agree	July 2026	Not Implemented	July 2025
2A	Agree	November 2025	Partially Implemented	November 2025
2B	Agree	November 2025	Partially Implemented	November 2025
2C	Agree	November 2025	Partially Implemented	November 2025
3A	Agree	July 2026	Partially Implemented	July 2025
3B	Agree	July 2026	Partially Implemented	July 2025

Section II: Narrative Detail

Recommendation 1A

The Department of Health Care Policy & Financing (Department) should improve Medicaid correspondence by developing and implementing risk-based monitoring activities of correspondence actually sent to Medicaid members, including establishing a frequency to ensure timely identification of issues and a process by which correspondence will be modified to address the issues and then implemented timely. This should include a proactive process to identify and address the causes of any errors the Department finds

Current Implementation Status

Partially Implemented

Current Implementation Date

July 2025

Status Update Narrative

The Department has developed and implemented the following risk-based monitoring activities of correspondence actually sent to Medicaid members to ensure timely identification of issues:

- Monthly Colorado Benefits Management System (CBMS) Correspondence Dashboard to monitor letter duplication.
- Weekly review of a sample of 100 CBMS letters sent to members completed by HCPF staff.
- Monthly review of a sample of 100 CBMS letters completed by Deloitte staff.

The Department is using the following existing CBMS processes to address issues by which correspondence will be modified and issues addressed:

- System Change Process to modify language and improve system functionality.
- Help Desk Ticket Process to address system defects.

With the additional funding and staff resources allocated to the Department in the Long Bill for the FY 24-25 budget year, the Department can ensure that the identification of issues can be addressed timely without competing against other Department priorities. This bill includes \$1.3 million total funds and 5.4 FTE, including \$331,596 General Fund.

In the next year, in order to fully implement this recommendation, the Department will hire and onboard the new dedicated staff. The Department is in the process of creating position descriptions for this team and is hoping to have this team hired by December 2024. Once hired this team will support proactive continuous improvement, including risk-based monitoring and regular reviews.

Recommendation 1B(i)

The Department of Health Care Policy & Financing (Department) should improve Medicaid correspondence by using information about Medicaid correspondence sampled as part of this audit to make necessary programming changes to the Colorado Benefits Management System (CBMS). This should include addressing issues with the case worker authorization and system override for mailing correspondence and the system logic and design for populating appeal and response date fields, and allowing caseworkers to edit standard messages for clarity and accuracy.

Current Implementation Status

Partially Implemented

Current Implementation Date

July 2026

Status Update Narrative

The Department has made and continues to make necessary programming changes to CBMS using issues identified in this audit. These system fixes addressed repetitive messages within notices, duplicate notices and income requests, missing denial reasons, conflicting messages etc. The Monthly CBMS Correspondence Dashboard (Rec 1A), created in January 2024, has led to a reduction of duplicate approval letters by 95% and duplicate denial letters by 96%. This Dashboard will allow for ongoing monitoring of duplication issues to ensure continued improvement.

Of 20 Office of the State Auditor (OSA) findings, 7 were due to CBMS System Defects, 3 were fixed in March/May/June 2023, 3 were fixed in Oct/Nov 2023 and 1 was fixed in Dec 2023. The fix for populating appeal and response date fields was implemented in April 2024.

The Department has reviewed, rewritten, translated and implemented almost all of the 55 identified templates sent through CBMS. Of these 55 templates the following was determined:

- 1 did not qualify as Medicaid
- 3 were discontinued
- 10 did not need to be updated
- 8 implemented in April
- 10 implemented in May
- 15 implemented in June
- 1 implemented in July
- 5 will be implemented in August & September
- 2 will be implemented in October

This work addresses the following in each letter:

- Confusing Date Formats
- Unclear Direction to Members
- Noncompliant Deadlines
- Inaccurate translation
- Missing Required / Recommended Elements

	<p>Issues caused by worker data entry errors cannot be resolved in a system fix; however, ongoing monitoring of issues can identify areas where targeted feedback may be effective.</p> <p>To fully implement this recommendation, the Department is working to correct all audit findings by October 2024. While this is much sooner than the July 2026 implementation date our team is suspecting that through this process we will identify other areas for improvement which we plan to address in upcoming projects. Once all improvements have been implemented we will spend the following months auditing live letters to ensure that all updates were released appropriately and without errors. The Department sees this recommendation as the most challenging because it relies on system fixes which comes with the possibility of technical issues and potential for delayed timelines if a more urgent change is prioritized due to new federal direction.</p>
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Recommendation 1B(ii)	
<p>The Department of Health Care Policy & Financing (Department) should improve Medicaid correspondence by using information about Medicaid correspondence sampled as part of this audit to inform, develop, and provide guidance and training to all caseworkers as appropriate. This should include clearly establishing the Department’s expectation for what good correspondence should include and communicating worker roles and responsibilities in creating that correspondence.</p>	
Current Implementation Status	Not Implemented
Current Implementation Date	July 2025
Status Update Narrative	<p>The Department has hired a Partner Communication & Compliance Specialist who will focus on improving communications sent out by our external partners, including counties sending correspondence through CBMS. The Department will provide the Plain Language Training video and fact sheet as an optional training while we determine whether a mandatory training is necessary. Our goal is to not exacerbate the administrative burden of our county partners but to develop tools along with their subject matter experts that add benefit to the work.</p>

Recommendation 2A	
<p>The Department of Health Care Policy & Financing (Department) should ensure that Medicaid members receive accurate, complete, and useful correspondence from its Prior Authorization Request (PAR) vendors by developing and implementing policies and procedures to review and modify correspondence sent by its vendors for compliance with statute, federal and state rules, Department standards and guidance, and contracts. This strategy should include requiring contract monitors to review vendor correspondence on an ongoing basis and whenever substantive changes are made to correspondence, communication standards, or Medicaid programs.</p>	
Current Implementation Status	Partially Implemented

Current Implementation Date	November 2025
Status Update Narrative	The Department created an inventory of all vendor correspondence with key personnel (contract managers) indicated. With dedicated FTE from the Long Bill, a Partner Communications & Compliance Specialist was recently hired to develop a process to monitor and review correspondence sent by our vendors.

Recommendation 2B	
The Department of Health Care Policy & Financing (Department) should ensure that Medicaid members receive accurate, complete, and useful correspondence from its Prior Authorization Request (PAR) vendors by amending current PAR vendor contracts to include language requiring the vendors to comply with specific requirements (statutory, federal and state rules, and Department standards and guidance) related to Medicaid correspondence that the vendors send to Medicaid members and include this language in all PAR vendor contracts in the future.	
Current Implementation Status	Partially Implemented
Current Implementation Date	November 2025
Status Update Narrative	The Department collected and reviewed all vendor contracts and identified timelines to amend each contract with the newly drafted language to ensure consistency and establish compliance standards across all vendor contracts. This will be transitioned to the new Partner Communications & Compliance Specialist position to continue working with contract managers to implement the new contract language.

Recommendation 2C	
The Department of Health Care Policy & Financing (Department) should ensure that Medicaid members receive accurate, complete, and useful correspondence from its Prior Authorization Request (PAR) vendors by establishing and enforcing a consistent set of communication standards for all correspondence created and sent by the Department's PAR vendors.	
Current Implementation Status	Partially Implemented
Current Implementation Date	November 2025
Status Update Narrative	Upon the completion of contract amendments in 2B, the new Partner Communications and Compliance Specialist position will conduct training with contract managers and vendors using the tools that have already been created to provide a consistent set of communications standards for all correspondence created. These tools are defined in Recommendation 3B.

Recommendation 3A	
The Department of Health Care Policy & Financing (Department) should continue to strengthen its ongoing Medicaid member correspondence improvement efforts to help ensure that the correspondence complies with state and federal requirements and Department guidance by establishing and implementing a centralized structure with assigned responsibility and delegated	

authority for identifying, reviewing, updating, and implementing changes to Medicaid member correspondence across the Department and by its vendors that includes key staff with authority to guide the Department's actions.	
Current Implementation Status	Partially Implemented
Current Implementation Date	July 2025
Status Update Narrative	The Department is in the process of establishing a centralized structure with the additional funding and staff resources allocated to the Department in the Long Bill for the FY 24-25 budget year, in addition to the creation of an internal governance (Member Correspondence Steering Committee) consisting of key leadership who oversee member communications and experience to provide oversight, define accountability, roles and responsibilities across the organization.

Recommendation 3B	
The Department of Health Care Policy & Financing (Department) should continue to strengthen its ongoing Medicaid member correspondence improvement efforts to help ensure that the correspondence complies with state and federal requirements and Department guidance by developing and implementing policies and procedures for how correspondence should be identified, reviewed, updated, and implemented, including timeliness guidelines for implementing changes.	
Current Implementation Status	Partially Implemented
Current Implementation Date	July 2025
Status Update Narrative	<p>The Department has made progress on this recommendation and will continue to build upon the internal resources that have already been created. To date the following resources have been developed to support this work:</p> <ul style="list-style-type: none"> ● Creation of Standard Operating Procedures ADM-046 detailing HCPF written member communication standards was completed in 10/2023 ● Creation of the Writing Resource Center as a centralized repository for communication standards ● Finalized 25.5-4-212, C.R.S HCPF Fact Sheet- last updated January 2024 which outlines need to know information about the Correspondence Improvement Act. ● Updated Member Communications Standards which are intended to help writers improve Health First Colorado member correspondence. ● Quarterly plain language training offered by subject matter expert. <p>To fully implement this recommendation, the Department needs to hire and onboard the remaining member correspondence team. We plan to have the hiring process complete by December 2024, it will take time to fully onboard the staff. After the full</p>

	team is onboarded, the team will be able to test these processes and make adjustments as necessary to meet this recommendation by July 2025.
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