

Secretary of State Audit Report



Oregon Health Plan: Timely Eligibility Determinations Conducted on Clients

Report Number 2009-21
Date: September 17, 2009

Executive Summary

Due to the impact of federal funding changes, the Family Health Insurance Assistance Program (FHIAP) was facing an estimated \$5.6 million shortfall in the program's budget. These federal changes reduced the level of federal funds FHIAP had available to assist adults who could not afford the entire cost of the contribution to an employer's health benefit coverage or individual health insurance. In response to this anticipated shortfall, FHIAP and Department of Human Services (department) officials requested and received state and federal approval to transfer approximately 4,300 adults from FHIAP to the Oregon Health Plan Standard program (OHP), which provides health care coverage to adults with incomes below the federal poverty level. Without the transfer, these adults would have had no alternative for coverage. With the transfer, these individuals were provided six months of OHP coverage. Before the end of the six months, they were expected to be evaluated to determine if they were eligible to remain in the program.

The purpose of our audit was to verify the department initiated eligibility determinations for the transferred clients within the required six-month timeframe.

We found the department started the eligibility determination process within the required six months for clients wanting continued coverage under OHP. Clients found eligible upon determination received continuing medical coverage, while coverage ended for clients who did not meet the eligibility requirements.

We also found that, overall, the department's procedures for enrolling transferred clients worked reasonably well under the circumstances. FHIAP and department staff had a little over two months to implement the transfer. During this time, FHIAP staff had the responsibility of notifying all eligible clients of the transition, obtaining clients' decisions on whether they wanted to be transferred, and sending client information to the department. Department staff sent program information packets to clients and manually entered the client information from multiple lists into department systems to establish OHP case files and initiate health care coverage. While most of the individuals the department enrolled into the OHP Standard program were indeed supposed to be transferred, we identified 19 that were not among the 3,765 FHIAP clients approved for transfer. Most of these individuals received OHP coverage ranging from one to six months, although a few received continued coverage because they were determined to be eligible.

We recommend after the department completes urgent and complex projects such as the client transfer, it also consider a final review to identify any errors.

Agency's Response

The Department of Human Services agrees with the audit recommendation. The department's response can be found beginning on page 4.

Introduction

The Family Health Insurance Assistance Program (FHIAP) subsidizes low-income individuals and families who cannot afford the entire cost of either their contribution to an employer's health benefit coverage or an individual health insurance policy.

Due to the impact of federal funding changes in late 2007, FHIAP was facing an estimated \$5.6 million shortfall in the program's budget. These changes reduced the level of funds available to provide assistance to adults enrolled in the program. After looking into various options, FHIAP and Department of Human Services (department) officials requested and received state and federal approval to transfer approximately 4,300 adults enrolled in FHIAP to the Oregon Health Plan Standard program (OHP) without a lapse in their health care coverage. The OHP program provides health care coverage to adults with incomes below the federal poverty level. Of the 4,300 FHIAP clients, 3,765 chose to transfer into the OHP. Their last day of FHIAP coverage was May 31, 2008, with OHP coverage beginning June 1, 2008.

Once in the OHP program, clients received six months coverage. Near the end of the six month period, clients had to reapply and department staff determined if clients still met eligibility requirements before approving continued coverage.

Audit Results

We found the department conducted timely determinations for transferred clients who wanted to continue coverage under the OHP. We also found the department's procedures for enrolling the transferred clients worked reasonably well. While most of the individuals the department enrolled into the OHP program were indeed supposed to be transferred, we identified relatively few instances in which individuals were enrolled in error.

We reviewed client files and found the department had started the eligibility determination process within the initial six months for transferred clients who applied for continued coverage under the OHP. Clients found eligible received continuing medical coverage, while coverage ended for ineligible clients.

Through discussions with department officials, we also learned the transfer was the first of its kind for the department. In preparation, the department held multiple meetings with key department and FHIAP staff to discuss and plan the transfer. Once state and federal approval was obtained, FHIAP and department staff had a little over two months to implement the transfer. FHIAP staff had the responsibility of notifying all eligible clients of the

transition, obtaining clients' decisions on whether they wanted to be transferred, and sending the client information to the department. Department staff sent program information packets to the clients, developed procedures to identify the transferred clients in the department's systems and manually entered client information from multiple lists into department systems to establish OHP case files and initiate health care coverage. Due to the short timeframe, FHIAP sent periodic lists of clients' transfer status information to the department during May and June 2008. In addition to any client status changes or client additions, the lists included the names of household members and identified those that should be transferred (not all individuals in each household were designated for transfer).

We compared the final list of clients FHIAP determined should have been transferred to the department's records and found 19 clients enrolled into the OHP that were not included in the list. Most of these individuals received one to six months of OHP coverage, although a few received continuous coverage because they were determined to be eligible. By enrolling these individuals, the department spent funds to cover individuals who should not have been part of the transfer.

It appeared the department added these clients in error mainly because staff included all adults in the household rather than only the individual identified by FHIAP for transfer and did not update changes to clients' transfer statuses (e.g., FHIAP identified a client should be transferred but subsequent lists had corrected the client as not to be transferred). Also, the department did not perform a final review to identify any errors.

We recommend after the department completes urgent and complex projects such as the client transfer, it also consider a final review to identify any errors.

Agency's Response:

The Department of Human Services agrees with the audit recommendation. The department's response can be found beginning on page 4.

Objectives, Scope and Methodology

The purpose of our audit was to determine if the department initiated eligibility determinations within the required six months for all clients transferred from FHIAP to OHP.

We interviewed key department staff to gain an understanding of the transfer process (e.g., receiving client information and enrolling them into OHP) and the determination processes.

We reviewed the state and federal authorizations for the client transfer. We also reviewed transfer workgroup

information and the department's client transfer procedures.

We selected a random sample of 20 clients' records to test whether client determinations were initiated prior to December 1, 2008 and whether evidence existed to support the determinations. We found no problems with these records or with an additional 20 records we tested for further assurance.

We obtained a list from FHIAP of all the clients evaluated for the transfer into OHP. We compared that list to a list of clients maintained by the department and system reports, to verify the transferred client population.

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



Oregon

Theodore R. Kulongoski, Governor

Department of Human Services

Office of the Director
500 Summer St. NE, E-15
Salem, OR 97301
503-947-5110
Fax: 503-378-2897
TTY: 503-947-5080

September 8, 2009

Gary Blackmer, Director
Audits Division
Office of the Secretary of State
255 Capitol Street, NE 500
Salem, OR 97301



Re: Department of Human Services Response to Draft Oregon Health Plan 2008
Family Health Insurance Assistance Program Client Transfer Audit

Dear Mr. Blackmer:

This letter is the Department of Human Service's (DHS) response to the Secretary of State Audit of the Oregon Health Plan (OHP) 2008 Family Health Insurance Assistance Program (FHIAP) Client Transfer Audit. The department appreciates the opportunity to respond to this Draft Oregon Health Plan 2008 Family Health Insurance Assistance Program Client Transfer Audit.

DHS concurs with the report's suggestion to require a post-implementation review when the department is working on a project such as the FHIAP to OHP Standard transfer. One critical outcome of this review would be a final reconciliation of records between the two agencies involved.

DHS appreciates the quality of the work provided by Family Health Insurance Assistance Program staff in preparation for transitioning 3,765 FHIAP clients to OHP Standard. Without their efficiency and thorough collection of data, this transition could not have been accomplished as successfully as it was. Because of the planning and coordination between the two agencies these individuals were successfully and correctly transitioned from FHIAP to OHP Standard, effective June 1, 2008.

"Assisting People to Become Independent, Healthy and Safe"
An Equal Opportunity Employer



Unfortunately, along with the 3,765 individuals successfully transferred from FHIAP to OHP Standard, 19 other individuals were opened on OHP Standard in error. In several cases where an individual was opened in error, it appears to be because they were on the same list and in the same household as one of the individuals eligible for the transfer. We believe the eligibility worker may have inadvertently followed standard OHP eligibility policy and considered the family as a single unit.

In summary, the department agrees with the report's recommendation that after the department completes urgent and complex projects such as this client transfer, the department should consider a final review to identify any errors.

Thank you for this opportunity to respond to this draft audit. If you have any questions regarding our response, please contact Dave Lyda, DHS Chief Audit Officer at 503-945-6700.

Sincerely,



Clyde Saiki
Deputy Director of Operations

CC: Dave Lyda
Bruce Goldberg



**Secretary of State
Audits Division
255 Capitol St. NE, Suite 500
Salem, OR 97310**

**Auditing to Protect the
Public Interest and
Improve
Oregon Government**

Audit Manager: Sandra K. Hilton, CPA
Audit Staff: Karen Peterson
Kyle Rossi
Deputy Director: William K. Garber, CGFM, MPA

Courtesies and cooperation extended by officials and staff of the Department of Human Services were commendable and much appreciated.

This report, a public record, is intended to promote the best possible management of public resources. Copies may be obtained:

Internet: <http://www.sos.state.or.us/audits/index.html>

Phone: at 503-986-2255

Mail: Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310