☞ **03hr_JC-Au_Misc_pt08h**

☞ Details: Department of Transportation Major Highway Development Program

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS

2003-04
(session year)

Joint
(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
  (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (November 2012)

State of Wisconsin
Department of Health and Family Services

Jim Doyle, Governor
Helene Nelson, Secretary

February 11, 2005

Honorable Carol Roessler, Co-chair
Joint Legislative Audit Committee
8 South, State Capitol
Madison, WI 53702

Honorable Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee
314 North, State Capitol
Madison, WI 53702

Dear Senator Roessler and Representative Jeskewitz:

The attached report is submitted in response to the recommendations included in the Legislative Audit Bureau's evaluation of Medicaid Assistance Eligibility Determinations (Report 04-11). The report included recommendations for the Department of Health and Family Services to report to the Legislature regarding its plans to address program integrity needs and CARES programming changes that could reduce the possibility of eligibility determination errors in Medicaid.

In order to provide a comprehensive response to the specific recommendations, our report reflects decisions contained in the Governor's 2005-07 biennial budget recommendations. The Governor's budget includes a package of Medicaid eligibility program integrity/quality assurance initiatives. These initiatives reflect the Administration's commitment to program integrity and are described in this report.

If you have any questions about the report or would like additional information, please contact Cheryl McIlquham, Director of the Bureau of Eligibility Management, at 608-261-6877.

Sincerely,

Helene Nelson
Secretary

Attachment

REPORT TO THE LEGISLATURE

IN RESPONSE TO LEGISLATIVE AUDIT BUREAU RECOMMENDATIONS IN REPORT 04-11,

AN EVALUATION: MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS

Wisconsin Department of Health and Family Services

February 11, 2005

I. Introduction

In September 2004, the Legislative Audit Bureau (LAB) issued Report 04-11, an evaluation of "Medical Assistance Eligibility Determinations." This report includes recommendations for the Department of Health and Family Services (DHFS) to report to the Legislature regarding the following:

a. The Department's plans to address program integrity needs; and
b. CARES programming changes that could reduce the possibility of eligibility determination errors.

This report is in response to the above recommendations.

In January 2005, LAB issued a follow-up letter report on "SeniorCare Eligibility Determinations." This letter report contains several recommendations for DHFS to report to the Legislature by April 15, 2005 on: (a) developing procedures for preventing, identifying and correcting error in SeniorCare benefit payments; and (b) procedures for recovering benefits paid in error and a timeline for implementing the procedures. DHFS will submit the SeniorCare report as recommended. Therefore, this report does not include a discussion of program integrity efforts and plans related specifically to SeniorCare.

II. Background

The Department is committed to ensuring the health, safety and welfare of all Wisconsin residents, and preserving the health care safety net including Medicaid, BadgerCare and SeniorCare serving low-income children and families, people with disabilities and seniors. We are equally committed to assuring and improving the integrity of public assistance programs. Payment accuracy, timely and accurate case processing, customer service, front-end verification, fraud investigations and benefit recovery are all important components of program integrity.

As part of the State and County Contract Covering Social Services and Community programs, DHFS contracts with counties and tribes to administer Income Maintenance (IM) programs for Medicaid, BadgerCare, Family Care, FoodShare (Wisconsin's Food Stamp program), the SSI Caretaker Supplement, and Funeral and Cemetery Aids.

County and tribal IM agency responsibilities and functions under the DHFS contract include:

- Eligibility determination and case processing;
- Program integrity activities, including front-end verification and fraud investigation;
- Funeral and cemetery aids administration; and
- Medicaid transportation administration.

Under this contract IM agencies are required to perform all responsibilities in compliance with federal and state laws and rules, and DHFS policies and procedures.

IM agencies receive an annual funding allocation from DHFS for IM administration. These allocations are generally 50% GPR and 50% federal funds. For CY 05, the total amount allocated by DHFS to IM agencies is $50.6 million. In addition, many IM agencies contribute additional local funds to meet their statutory and contractual obligations. Such expenditures are matched dollar for dollar with federal funds. Counties contribute $12-14 million in local funds annually.

CARES: Wisconsin's Automated Eligibility Determination System

The Client Assistance for Reemployment and Economic Support system, otherwise known as CARES, is the statewide automated system for eligibility that supports six major programs:

- Medicaid/BadgerCare
- FoodShare
- SeniorCare
- SSI Caretaker Supplement
- Child Care
- Department of Workforce Development (DWD) Programs (including W-2, Temporary Aid to Needy Families (TANF), Maintenance of Effort (MOE), Food Stamp Employment Training (FSET), and other work programs)

CARES is currently a mainframe system used by Wisconsin county/tribal economic support agencies and W-2 agencies to:

- Determine and track eligibility for Medicaid (including BadgerCare and SeniorCare), FoodShare, the SSI Caretaker Supplement (CTS), Wisconsin Works (W-2), and Child Care programs;
- Issue benefits/payments for W-2 and Child Care;
- Handle on-going benefits management functions (paying claims, tracking patient accounts, issuing benefits, etc.) for Medicaid, CTS and FoodShare through interfaces with other systems that issue benefits; and
- Manage DWD's employment (TANF) programs, including Wisconsin Works (W-2), Welfare to Work (WtW), Children First, and Workforce Attachment and Advancement (WAA) participation.

CARES is funded by both DHFS and the Department of Workforce Development. Funding for CARES consists of $30.4 million for DHFS programs and $7.0 million for DWD programs for a total budget for CARES in state fiscal year 2004-05 of $37.4 million. The cost of CARES is allocated between the Departments based on the number of persons eligible for each program. The majority of the costs for CARES are those related to ongoing operations (i.e., information technology charges) and systems maintenance. The computer systems are operated by the Department of Administration with charges apportioned to DHFS and DWD based on a federally approved cost allocation plan.

III. Department Response to Recommendations

A. Program Integrity Activities and Plans

The Department maintains a continuous commitment to ensuring program integrity in IM programs. DHFS works very closely with county officials through the Income Maintenance Advisory Committee (IMAC) in addressing all aspects of program integrity. The IMAC has been a very focused and successful forum for state and local agencies and advocates to raise issues regarding the administration of IM programs, including eligibility determination policies and processes.

The Department is currently working on a number of initiatives that address various aspects of program integrity. These initiatives include the following:

Payment Error Rate Measurement (PERM) Pilot. DHFS applied for and was awarded a federal grant to pilot the PERM program in 2005. This pilot is the first step in establishing the process for an ongoing PERM program. New federal regulations require all states to implement a program to measure and report Medicaid payment accuracy rates beginning in FFY 06. Under the pilot, DHFS will conduct a review of a random sample of both fee-for-service and managed care Medicaid and BadgerCare cases to determine the accuracy of claims payment. Participation in this pilot will: (a) serve to provide information about the accuracy of claims paid to inform DHFS about corrective actions that are needed to improve payment accuracy; and (b) allow Wisconsin to gain experience with the federally required PERM methodology prior to full implementation in FFY 06. The scope of the PERM reviews includes verification that eligibility was determined properly and that the person was properly eligible at the time services were received.

Verification of Income. The LAB Report describes the program simplification policies for Medicaid and BadgerCare, including self-declaration of income. In discussing any program simplification policies, historical context is important. In 1996, federal TANF legislation de-linked AFDC and Medicaid eligibility. By 1998, it had become clear that this legislation was having a significant negative impact on access to health care for low-income families, and federal officials began to encourage states to enhance outreach efforts and streamline the application process. In response to these concerns, Wisconsin adopted numerous program simplification policies, including self-declaration of income. These initiatives were expanded, as the federal government required further program simplification as a condition of the SCHIP waiver for Wisconsin's BadgerCare program, a program strongly supported by the Legislature and Governor.

Wisconsin's SCHIP waiver allowed Wisconsin to secure SCHIP enhanced match for parents. Wisconsin is one of only four states that receive this enhanced federal match. This saved Wisconsin $8.9 million GPR in SFY 04 alone. In addition, this waiver has allowed Wisconsin to receive over $143 million in

SCHIP reallocations from other states in the last four years, allowing Wisconsin to qualify for the higher SCHIP federal matching rate for all of BadgerCare.

Nonetheless, the LAB findings that the current self-declaration policies are unclear and sometimes a deterrent to eligibility workers' pursuit of verification of income under certain circumstances are of concern. Therefore, DHFS has initiated a full-scale review of these policies as they relate to Medicaid and FoodShare eligibility determination. The Department's goal is to revise and clarify the income verification policies as appropriate and ensure consistency across programs within the context of current law and the conditions of the SCHIP waiver. DHFS will work with local IM agency representatives through IMAC to further ensure clarity prior to statewide implementation of any policy changes.

Fraud Allocations and Collections. As reported by LAB, local efforts with regard to program integrity (also referred to as front-end verification) and fraud investigation are funded entirely by program revenue from the state's share of benefit recovery collections for Medicaid and FoodShare. These revenues also support state administration costs associated with program integrity and fraud. This funding mechanism is specified in state statute.

The state retains only a portion of collections from overpayments made as a result of fraud. For Medicaid, the state retains 25% of the amount collected and just 20% of any amount collected for FoodShare. If the overpayment is the result of client error, the state retains 25% for Medicaid, but only 5% for FoodShare.

Prior to 1998, the state supported a portion of the costs for fraud-related activities with GPR. In fact, from 1995 to 1997, over $2.0 million of the total $9.3 million allocated for public assistance fraud activities was state GPR. In addition, financial participation by local agencies was also required. Effective in 1998, local agency financial participation was eliminated and the GPR funding for fraud was reallocated to the W-2 program by the Legislature. These actions resulted in an overall reduction of over $6.0 million in the amount of funding committed to local fraud activities.

Over the last five years, the state's share of Medicaid overpayments has been between $93,000 and $173,800 each year. For FoodShare, the state's share of collections has ranged from $185,000 to $229,000 each year.

For the years 1998 through 2004, allocations to local agencies for program integrity and fraud investigation have been funded with program revenue from collections and matching federal funds. Funding has been less than $3.0 million in each of these years.

Beginning with CY 03, DHFS assumed responsibility for the program integrity and fraud investigation allocations when IM administration was transferred from DWD to DHFS.

We concur with the LAB finding that reliance on program revenue has been a significant contributing factor to declining levels of program integrity and fraud investigation activities. As further reported by LAB, county officials believe the current funding levels are not sufficient to support effective fraud prevention efforts at the local level.

To address these concerns, DHFS is working with local IM agency representatives through IMAC (specifically, the Workload and Financing Subcommittee) to explore options for improved program administration at the state and local levels to reduce costs and increase program revenue through collections.

The Legislature could consider restoring funding for local verification and fraud investigation if it determines such investments are warranted.

Training Initiatives

DHFS is responsible for providing training for eligibility workers in local IM agencies. Each year, a comprehensive package of training programs are provided statewide to keep eligibility workers current on eligibility determination policies and processes. Recently, DHFS has developed and conducted numerous training courses that impact program integrity in Medicaid eligibility determinations. Two examples of such courses follow:

a. *BadgerCare Verification.* The goal of this course is to assist workers in learning and properly applying the policy and CARES procedures associated with the new requirement to verify income and health insurance information prior to determining BadgerCare eligibility and to use the Employer Verification Form (EVF) process for obtaining verification from employers.

b. *Proper Income Calculations and Verification.* This course was developed specifically to address errors related to wages and salary for FoodShare cases identified through a special project in Milwaukee County that involved payment accuracy reviews of over 13,000 cases. Because a significant number of FoodShare cases also receive Medicaid, training workers to properly account for wages and salaries also impacts the accuracy of Medicaid eligibility determinations.

The Department's training plan is established according to training needs identified by local agencies and DHFS. Annually, training is prioritized to meet the most critical needs to ensure the integrity of eligibility determinations in Medicaid and other public assistance programs.

The Department will continue to work with counties and the Income Maintenance Advisory Committee to identify new ways to improve quality, consistency and effectiveness of IM processes.

B. Governor's 2005-07 Biennial Budget Recommendations

The Governor's 2005-07 biennial budget recommendations include a comprehensive package of program integrity initiatives to be administered at both the state and local levels that is projected to result in net savings in the Medicaid program of $23.5 million all-funds ($9.5 million GPR) over the biennium. The following describes the components of the Governor's recommendations related to program integrity in Medicaid eligibility determinations.

State Quality Control Reviews. This recommendation would provide the resources needed to comply with the upcoming new federal requirements for PERM. Under this initiative, DHFS would review a statistically significant sample (approximately 1,800 cases) of Medicaid, BadgerCare and SeniorCare cases to measure the rate at which eligibility and benefits are being determined accurately, and to gather data and information to determine the causes of errors. Based on this information, the Department will identify and implement corrective action measures that will reduce or, if possible, eliminate the source or root cause of the errors. The effectiveness of the corrective action initiatives would be monitored and evaluated on an ongoing basis to ensure that eligibility determination errors are being reduced or eradicated.

The Governor's recommendation includes $864,900 all-funds over the biennium to support approximately 12 contract staff (that are also public workers) to review cases and 1.0 FTE Supervisor in DHCF to manage the work of the contract staff.

In addition to the federal requirement to review at least 1,800 Medicaid cases annually, the current requirement to conduct special studies for MEQC is expected to continue. Currently, DHCF has just one staff person to plan and implement special studies that involve the review of 600 complex cases each year. This staff person conducts reviews and training of other staff, oversees case reviews conducted by other staff, and analyzes all the data and prepares required reports to CMS. To improve the timeliness of completion of these studies and to ensure that corrective action measures are promptly identified and implemented based on the findings of these special studies, the Governor's budget includes funding for approximately 2.0 contract staff, resulting in reduced incorrect Medicaid expenditures.

Local Agency Second Party Reviews. This recommendation would provide $945,000 all-funds over the biennium to local IM agencies to conduct second party reviews of eligibility determinations for at least two Medicaid cases per eligibility worker per month. Second party reviews are having a supervisor or other senior caseworker independently review selected cases to verify they were handled correctly by the IM worker. On a statewide basis, this would be about 24,000 cases per year that would be subject to second party reviews. The state would develop error prone profiles for local agencies to assist them in targeting their reviews. With adequate resources, case reviews could be completed prior to the final determination of eligibility to prevent incorrect determinations and benefit payments. The additional local aids support the added workload of

conducting the reviews for local agencies. Further, the Governor's budget includes funding for 1.0 contract staff to implement this initiative, analyze the data and identify corrective action within an acceptable cycle time.

Corrective Action/Technical Assistance/Training. Once the data and other information gathered through the state QC review and local agency second party reviews are analyzed and corrective action measures are identified, the Department must quickly and effectively act on the recommended corrective action to create change. The Department's ability to implement corrective actions (policy changes, process changes, systems changes, training, technical assistance, etc.) that will reduce the incident of a specific error type is critical for improved and sustained quality and program integrity. Because many corrective action initiatives will be targeted to improving local agency staff knowledge, skills and processes, staff resources will be necessary to effectively implement and monitor these activities. Therefore, the Governor's budget includes:

- Funding for approximately 12 contract staff (payment accuracy experts) to provide on-site support for local agencies that need assistance with specific Medicaid and BadgerCare policies or processes that have resulted in a significant number of errors. The payment accuracy experts will also be responsible for coordinating FoodShare and Medicaid/BadgerCare policies/processes to create synergies that result in increased payment accuracy across programs. The payment accuracy staff will also review the processes implemented by local agencies to ensure that they are not error prone, comply with DHFS policies and provide good customer service. Until recently, DHCF contracted for the services of payment accuracy experts for FoodShare funded through food stamp reinvestment funds. All reinvestment funds for these staff will be expended by June 2005. These staff, however, were highly effective and have had a significant impact on Wisconsin's success in reducing the FoodShare error rate by 50% over the last two years. The Governor's budget would restore funding for payment accuracy experts to focus on Medicaid corrective action and its coordination with continued FoodShare corrective action.

- Funding for 2.0 contract trainers to quickly and effectively develop and conduct training for local agencies to implement error reduction strategies. One of these positions would be responsible for coordinating and conducting training specifically for Milwaukee County. Although progress has been made, Milwaukee County continues to have an error rate in food stamp eligibility determinations that is significantly higher than that of the balance of the state. Based on this fact and preliminary data from Medicaid case reviews, it appears very likely that Milwaukee County also has a significant error rate for Medicaid cases. Immediate resources are needed to address the error rates in Milwaukee County.

Enhanced Verification/Data Exchange. The Governor's budget provides $318,600 all-funds over the biennium for systems changes and 2.0 contract staff to enhance existing verification and data exchange processes by adding the capacity to process Internal Revenue Service (IRS) and Public Assistance Reporting Information System (PARIS) data exchange information. IRS and PARIS data can assist a trained worker in determining whether an individual has accurately reported income (interest, dividends, etc.) or assets through the report of interest, dividends or rental income.

IRS Data -- The Department would assume the duties for IRS matches that had been done by local IM agency workers until 2002, when the state's IRS data sharing agreement was suspended. Under this centralized approach, DHFS can: (a) more effectively target the IRS data exchange on Medicaid and FoodShare cases of the elderly and disabled and SeniorCare, which are the households with the most unearned income and assets; and (b) eliminate costly safeguarding requirements placed on local IM agencies.

PARIS Data -- PARIS is an information exchange system designed by the federal Administration for Children and Families to provide state public assistance program agencies with appropriate data as a result of a federal computer matching initiative. The participating state agencies (21 states and the District of Columbia) use the resulting matches to validate client-reported circumstances and identify possible candidates for erroneous payments based on data provided. The three parts of PARIS are the Veterans Administration match, Department of Defense/Office of Personnel Management match (regarding active or retired military and federal employees) and the Interstate match (duplicate payments made to the same client in more than one state).

With the IRS and PARIS data, DHFS would implement a centralized process to:

- Review targeted matches of Medicaid and FoodShare eligible cases;
- Send out verification requests to third parties (i.e., employers, to verify the information found from these sources);
- Enter verified information into the CARES system;
- Redetermine program eligibility and benefits;
- Determine the amount of program benefit overpayment; and
- Process overpayments for collection.

Statutory Modifications for Verification and Benefit Recovery. The Governor's budget also includes a number of statutory modifications that promote improved program integrity, particularly with regard to verification of information provided for eligibility purposes and benefit recovery. These provisions include the following:

- Policy modifications that allow IM workers to request verification of income by applicants when no third-party data is available. This provision includes funding of $175,000 all-funds annually for local IM agencies for the increased workload associated with this additional verification.

- Statutory changes that give the Department the authority to require third parties (i.e., employers, banks) to provide information at the request of IM workers.
- Statutory changes to restore the Department's ability to make Medicaid recoveries through the use of tax intercept.
- Statutory changes that allow the Department to recover overpayments that result from a failure to report changes in non-financial eligibility criteria (i.e., household composition, insurance coverage) outside of the application and review period.

In addition to the quality assurance package described above, the Governor's budget includes a modification to the Medicaid "grace month" policy that improves program integrity and is described below.

Medicaid "Grace Month" Policy. The Governor's budget includes savings of $3.7 million all-funds annually and one-time administration funding to delete the Medicaid "grace month" policy so that eligibility is terminated at the end of the 12-month benefit period, rather than at the end of the 13th month as under current policy.

C. CARES Programming Changes to Reduce Errors

As part of its appropriated funding for Medicaid contracts, the Department maintains a base budget for the ongoing operation of CARES. A portion of this budget is dedicated to special maintenance and enhancement projects that ensure the integrity of the system and consistency with federal and state laws and policies. Each year the Department must prioritize projects and budget funds to maintain program integrity, while staying within the established appropriated amount for such projects.

Currently, DHFS is committing a significant portion of CARES maintenance and enhancement budget to several major projects that will significantly improve eligibility determination business processes at the local level. These projects will provide eligibility workers with tools that will reduce and simplify their workload, allowing more time for program integrity activities. The following provides a description of these and other projects prioritized and scheduled for implementation in 2005.

CARES Worker Web (CWW) – Project 1.0

The CARES system uses a mainframe user interface that is difficult to learn and use, which contributes to reduced payment accuracy in Medicaid and other IM programs. The Department is in the process of building a new web user interface for CARES that will make it easier for workers to enter, view and change data that is used to determine eligibility. Implementation of CWW begins in February 2005 in several pilot counties. By November 2005, all counties will have implemented the new web user interface. The following is a list of tools

incorporated into CWW that will aid workers in assuring accuracy in their eligibility determinations.

- The intelligent scheduling of pages and questions based upon the programs requested, the type of individuals requesting and the answers provided during the interactive interview. This focuses the worker's attention on the answers provided that will affect program eligibility, rather than on questions and answers that are irrelevant to the eligibility determination.
- By making it easier to learn and navigate the system, workers can focus on the applicant or recipient's responses, rather than data entry.
- The questions and answers are no longer acronyms, abbreviations and numeric codes, which has made it more difficult for workers to determine if they had entered the correct and most accurate data. The CWW uses complete sentences and full phrases.
- The CWW will be connected to on-line policy, process and system documentation – policy manuals that have been recently moved from printed, hard copies to the Internet. This will help workers to access policy and process information more quickly and with greater certainty to ensure accurate eligibility determinations.
- Summary pages that allow supervisors, quality assurance reviewers and workers to see all the data needed to determine eligibility all on a single page.

Electronic Case File (ECF)

The Department is creating an ECF that will be used for all IM cases. The ECF will include all forms and verification documents associated with the case. The ECF will ensure that all documentation necessary to support both FoodShare and Medicaid eligibility determinations have been collected. This will make it easier for local agencies to access and share verification documentation for individuals, regardless of where they move. It will also allow central office staff to more closely monitor the accuracy of IM program eligibility determinations. The ECF is currently being piloted in Dane, LaCrosse and Price counties. A pilot in Milwaukee County will begin in the next few months. The ECF will be expanded to all counties in late 2005.

The total cost of ECF development and implementation is $1.7 million. This project is funded with one-time Food Stamp reinvestment funds.

DX with Child Support

Child support payments are counted as income in determining eligibility. All child support payments are recorded in the states Child Support Enforcement system, KIDS. While there is an interface between CARES and KIDS, there has been a problem in the 'translation' between KIDS (who pays and who owes) and CARES (who gets paid). This project will create a new mechanism for translating this information from KIDS into a format that the IM worker can easily understand and accurately use to determine eligibility.

The total estimated cost of this project is $50,000.

Medicaid Second Party Review System

To assure that IM workers accurately determine Medicaid eligibility, their supervisors need to review a selection of their cases. Soon, DHFS will require that each IM agency conduct second party reviews of a specified number of Medicaid cases each month. The Income Maintenance Quality Assurance (IMQA) system, which is a sub-system of CARES, will identify error prone cases, select the cases that should be reviewed, track local agency compliance with the review requirements and collect data regarding the review findings. The state will use this data to evaluate the impact of various policies and processes on program integrity and make any necessary changes for improved program integrity.

The total estimated cost of this project is $10,000.

The following CARES projects will further promote program integrity and represent the major projects scheduled for 2006 and 2007:

- **CARES Worker Web; Project 1.5** will build upon the accomplishments of CARES Worker Web, Project 1.0. Project 1.5 will implement specific functionality for handling mail-in applications and reviews using web-based pages and processing. This should eliminate many of the program integrity issues associated with mail-in applications and reviews. New web-based pages for workers to manage the system-generated reminders to take certain actions, also referred to as alerts, will also be added. This will improve program integrity by better prompting workers to take action on changes and updates to conduct correct and timely eligibility determinations.

- **CARES Worker Web, Project 2.0** will add eligibility summaries and other post-eligibility screens to the web. It will also connect the Electronic Case File to the CARES Worker Web pages and move client notices from the mainframe to CWW. This change will make it easier for workers to review the actions they have taken on Medicaid cases to ensure that they have made correct and timely determinations of eligibility.

- **ACCESS, Version 3** is a series of projects originally described in the Food Stamp Program Participation Grant application submitted to the U.S. Department of Agriculture. The grant awarded $1.7 million to the State of Wisconsin to build ACCESS and evaluate its effectiveness in various demonstration settings. Acceptance of the grant requires the State of Wisconsin to complete and evaluate ACCESS by June 2006.

ACCESS, Versions 1 and 2 created an Internet-based customer self-assessment that allows individuals and families to determine which programs of assistance they might qualify for. Version 1 was implemented in August 2004 and included

self-assessment for FoodShare, Family Medicaid/BadgerCare and SeniorCare. Version 2 was implemented in December 2004 and expanded access to include:

- Medicaid for the Elderly, Blind and Disabled,
- Supplement Food Program for Women, Children and Infants (WIC),
- The Emergency Food Assistance Program (TEFAP),
- Summer Food Program,
- Reduced/free school breakfast/lunch program, and
- State tax credit programs administered by the Department of Revenue (homestead tax credit, earned income tax credit, and child tax credit).

Version 3.0 includes a component that will allow citizens to apply for Medicaid and FoodShare through the Internet. Like the mail-in application and review functionality of CWW, this will improve program integrity with regard to mail-in applications and reviews. We will also add a new web component that will allow Medicaid recipients to report changes to their workers via a secured Internet site, thus making it easier to maintain correct eligibility and benefit determinations.

The Department has identified other potential projects and will consider them as available funding allows.

The Department remains committed to the highest level of program integrity possible within funding available. We continually seek to identify new ways to improve quality and integrity through business process change, use of automation, and information technology and training.

We are pleased to see that the LAB audit did not find any cases of actual recipient fraud. While that does not prove that no fraud exists, it does indicate that current practices are reasonably effective.

Nonetheless, we will remain vigilant and continue to seek ways to reduce worker error, improve productivity and effectiveness, and prevent fraud. We appreciate the Committee's support for these vital programs, and share your desire to make sure state and federal funds are used appropriately in all instances.

REPORT TO THE LEGISLATURE

IN RESPONSE TO LEGISLATIVE AUDIT BUREAU RECOMMENDATIONS IN REPORT 04-11,

AN EVALUATION: MEDICAL ASSISTANCE ELIGIBILITY DETERMINATIONS

Wisconsin Department of Health and Family Services

February 11, 2005

I. Introduction

In September 2004, the Legislative Audit Bureau (LAB) issued Report 04-11, an evaluation of "Medical Assistance Eligibility Determinations." This report includes recommendations for the Department of Health and Family Services (DHFS) to report to the Legislature regarding the following:

a. The Department's plans to address program integrity needs; and
b. CARES programming changes that could reduce the possibility of eligibility determination errors.

This report is in response to the above recommendations.

In January 2005, LAB issued a follow-up letter report on "SeniorCare Eligibility Determinations." This letter report contains several recommendations for DHFS to report to the Legislature by April 15, 2005 on: (a) developing procedures for preventing, identifying and correcting error in SeniorCare benefit payments; and (b) procedures for recovering benefits paid in error and a timeline for implementing the procedures. DHFS will submit the SeniorCare report as recommended. Therefore, this report does not include a discussion of program integrity efforts and plans related specifically to SeniorCare.

II. Background

The Department is committed to ensuring the health, safety and welfare of all Wisconsin residents, and preserving the health care safety net including Medicaid, BadgerCare and SeniorCare serving low-income children and families, people with disabilities and seniors. We are equally committed to assuring and improving the integrity of public assistance programs. Payment accuracy, timely and accurate case processing, customer service, front-end verification, fraud investigations and benefit recovery are all important components of program integrity.

As part of the State and County Contract Covering Social Services and Community programs, DHFS contracts with counties and tribes to administer Income Maintenance (IM) programs for Medicaid, BadgerCare, Family Care, FoodShare (Wisconsin's Food Stamp program), the SSI Caretaker Supplement, and Funeral and Cemetery Aids.

County and tribal IM agency responsibilities and functions under the DHFS contract include:

- Eligibility determination and case processing;
- Program integrity activities, including front-end verification and fraud investigation;
- Funeral and cemetery aids administration; and
- Medicaid transportation administration.

Under this contract IM agencies are required to perform all responsibilities in compliance with federal and state laws and rules, and DHFS policies and procedures.

IM agencies receive an annual funding allocation from DHFS for IM administration. These allocations are generally 50% GPR and 50% federal funds. For CY 05, the total amount allocated by DHFS to IM agencies is $50.6 million. In addition, many IM agencies contribute additional local funds to meet their statutory and contractual obligations. Such expenditures are matched dollar for dollar with federal funds. Counties contribute $12-14 million in local funds annually.

CARES: Wisconsin's Automated Eligibility Determination System

The Client Assistance for Reemployment and Economic Support system, otherwise known as CARES, is the statewide automated system for eligibility that supports six major programs:

- Medicaid/BadgerCare
- FoodShare
- SeniorCare
- SSI Caretaker Supplement
- Child Care
- Department of Workforce Development (DWD) Programs (including W-2, Temporary Aid to Needy Families (TANF), Maintenance of Effort (MOE), Food Stamp Employment Training (FSET), and other work programs)

CARES is currently a mainframe system used by Wisconsin county/tribal economic support agencies and W-2 agencies to:

- Determine and track eligibility for Medicaid (including BadgerCare and SeniorCare), FoodShare, the SSI Caretaker Supplement (CTS), Wisconsin Works (W-2), and Child Care programs;
- Issue benefits/payments for W-2 and Child Care;
- Handle on-going benefits management functions (paying claims, tracking patient accounts, issuing benefits, etc.) for Medicaid, CTS and FoodShare through interfaces with other systems that issue benefits; and
- Manage DWD's employment (TANF) programs, including Wisconsin Works (W-2), Welfare to Work (WtW), Children First, and Workforce Attachment and Advancement (WAA) participation.

CARES is funded by both DHFS and the Department of Workforce Development. Funding for CARES consists of $30.4 million for DHFS programs and $7.0 million for DWD programs for a total budget for CARES in state fiscal year 2004-05 of $37.4 million. The cost of CARES is allocated between the Departments based on the number of persons eligible for each program. The majority of the costs for CARES are those related to ongoing operations (i.e., information technology charges) and systems maintenance. The computer systems are operated by the Department of Administration with charges apportioned to DHFS and DWD based on a federally approved cost allocation plan.

III. Department Response to Recommendations

A. Program Integrity Activities and Plans

The Department maintains a continuous commitment to ensuring program integrity in IM programs. DHFS works very closely with county officials through the Income Maintenance Advisory Committee (IMAC) in addressing all aspects of program integrity. The IMAC has been a very focused and successful forum for state and local agencies and advocates to raise issues regarding the administration of IM programs, including eligibility determination policies and processes.

The Department is currently working on a number of initiatives that address various aspects of program integrity. These initiatives include the following:

Payment Error Rate Measurement (PERM) Pilot. DHFS applied for and was awarded a federal grant to pilot the PERM program in 2005. This pilot is the first step in establishing the process for an ongoing PERM program. New federal regulations require all states to implement a program to measure and report Medicaid payment accuracy rates beginning in FFY 06. Under the pilot, DHFS will conduct a review of a random sample of both fee-for-service and managed care Medicaid and BadgerCare cases to determine the accuracy of claims payment. Participation in this pilot will: (a) serve to provide information about the accuracy of claims paid to inform DHFS about corrective actions that are needed to improve payment accuracy; and (b) allow Wisconsin to gain experience with the federally required PERM methodology prior to full implementation in FFY 06. The scope of the PERM reviews includes verification that eligibility was determined properly and that the person was properly eligible at the time services were received.

Verification of Income. The LAB Report describes the program simplification policies for Medicaid and BadgerCare, including self-declaration of income. In discussing any program simplification policies, historical context is important. In 1996, federal TANF legislation de-linked AFDC and Medicaid eligibility. By 1998, it had become clear that this legislation was having a significant negative impact on access to health care for low-income families, and federal officials began to encourage states to enhance outreach efforts and streamline the application process. In response to these concerns, Wisconsin adopted numerous program simplification policies, including self-declaration of income. These initiatives were expanded, as the federal government required further program simplification as a condition of the SCHIP waiver for Wisconsin's BadgerCare program, a program strongly supported by the Legislature and Governor.

Wisconsin's SCHIP waiver allowed Wisconsin to secure SCHIP enhanced match for parents. Wisconsin is one of only four states that receive this enhanced federal match. This saved Wisconsin $8.9 million GPR in SFY 04 alone. In addition, this waiver has allowed Wisconsin to receive over $143 million in

SCHIP reallocations from other states in the last four years, allowing Wisconsin to qualify for the higher SCHIP federal matching rate for all of BadgerCare.

Nonetheless, the LAB findings that the current self-declaration policies are unclear and sometimes a deterrent to eligibility workers' pursuit of verification of income under certain circumstances are of concern. Therefore, DHFS has initiated a full-scale review of these policies as they relate to Medicaid and FoodShare eligibility determination. The Department's goal is to revise and clarify the income verification policies as appropriate and ensure consistency across programs within the context of current law and the conditions of the SCHIP waiver. DHFS will work with local IM agency representatives through IMAC to further ensure clarity prior to statewide implementation of any policy changes.

Fraud Allocations and Collections. As reported by LAB, local efforts with regard to program integrity (also referred to as front-end verification) and fraud investigation are funded entirely by program revenue from the state's share of benefit recovery collections for Medicaid and FoodShare. These revenues also support state administration costs associated with program integrity and fraud. This funding mechanism is specified in state statute.

The state retains only a portion of collections from overpayments made as a result of fraud. For Medicaid, the state retains 25% of the amount collected and just 20% of any amount collected for FoodShare. If the overpayment is the result of client error, the state retains 25% for Medicaid, but only 5% for FoodShare.

Prior to 1998, the state supported a portion of the costs for fraud-related activities with GPR. In fact, from 1995 to 1997, over $2.0 million of the total $9.3 million allocated for public assistance fraud activities was state GPR. In addition, financial participation by local agencies was also required. Effective in 1998, local agency financial participation was eliminated and the GPR funding for fraud was reallocated to the W-2 program by the Legislature. These actions resulted in an overall reduction of over $6.0 million in the amount of funding committed to local fraud activities.

Over the last five years, the state's share of Medicaid overpayments has been between $93,000 and $173,800 each year. For FoodShare, the state's share of collections has ranged from $185,000 to $229,000 each year.

For the years 1998 through 2004, allocations to local agencies for program integrity and fraud investigation have been funded with program revenue from collections and matching federal funds. Funding has been less than $3.0 million in each of these years.

Beginning with CY 03, DHFS assumed responsibility for the program integrity and fraud investigation allocations when IM administration was transferred from DWD to DHFS.

We concur with the LAB finding that reliance on program revenue has been a significant contributing factor to declining levels of program integrity and fraud investigation activities. As further reported by LAB, county officials believe the current funding levels are not sufficient to support effective fraud prevention efforts at the local level.

To address these concerns, DHFS is working with local IM agency representatives through IMAC (specifically, the Workload and Financing Subcommittee) to explore options for improved program administration at the state and local levels to reduce costs and increase program revenue through collections.

The Legislature could consider restoring funding for local verification and fraud investigation if it determines such investments are warranted.

Training Initiatives

DHFS is responsible for providing training for eligibility workers in local IM agencies. Each year, a comprehensive package of training programs are provided statewide to keep eligibility workers current on eligibility determination policies and processes. Recently, DHFS has developed and conducted numerous training courses that impact program integrity in Medicaid eligibility determinations. Two examples of such courses follow:

a. *BadgerCare Verification.* The goal of this course is to assist workers in learning and properly applying the policy and CARES procedures associated with the new requirement to verify income and health insurance information prior to determining BadgerCare eligibility and to use the Employer Verification Form (EVF) process for obtaining verification from employers.

b. *Proper Income Calculations and Verification.* This course was developed specifically to address errors related to wages and salary for FoodShare cases identified through a special project in Milwaukee County that involved payment accuracy reviews of over 13,000 cases. Because a significant number of FoodShare cases also receive Medicaid, training workers to properly account for wages and salaries also impacts the accuracy of Medicaid eligibility determinations.

The Department's training plan is established according to training needs identified by local agencies and DHFS. Annually, training is prioritized to meet the most critical needs to ensure the integrity of eligibility determinations in Medicaid and other public assistance programs.

The Department will continue to work with counties and the Income Maintenance Advisory Committee to identify new ways to improve quality, consistency and effectiveness of IM processes.

B. Governor's 2005-07 Biennial Budget Recommendations

The Governor's 2005-07 biennial budget recommendations include a comprehensive package of program integrity initiatives to be administered at both the state and local levels that is projected to result in net savings in the Medicaid program of $23.5 million all-funds ($9.5 million GPR) over the biennium. The following describes the components of the Governor's recommendations related to program integrity in Medicaid eligibility determinations.

State Quality Control Reviews. This recommendation would provide the resources needed to comply with the upcoming new federal requirements for PERM. Under this initiative, DHFS would review a statistically significant sample (approximately 1,800 cases) of Medicaid, BadgerCare and SeniorCare cases to measure the rate at which eligibility and benefits are being determined accurately, and to gather data and information to determine the causes of errors. Based on this information, the Department will identify and implement corrective action measures that will reduce or, if possible, eliminate the source or root cause of the errors. The effectiveness of the corrective action initiatives would be monitored and evaluated on an ongoing basis to ensure that eligibility determination errors are being reduced or eradicated.

The Governor's recommendation includes $864,900 all-funds over the biennium to support approximately 12 contract staff (that are also public workers) to review cases and 1.0 FTE Supervisor in DHCF to manage the work of the contract staff.

In addition to the federal requirement to review at least 1,800 Medicaid cases annually, the current requirement to conduct special studies for MEQC is expected to continue. Currently, DHCF has just one staff person to plan and implement special studies that involve the review of 600 complex cases each year. This staff person conducts reviews and training of other staff, oversees case reviews conducted by other staff, and analyzes all the data and prepares required reports to CMS. To improve the timeliness of completion of these studies and to ensure that corrective action measures are promptly identified and implemented based on the findings of these special studies, the Governor's budget includes funding for approximately 2.0 contract staff, resulting in reduced incorrect Medicaid expenditures.

Local Agency Second Party Reviews. This recommendation would provide $945,000 all-funds over the biennium to local IM agencies to conduct second party reviews of eligibility determinations for at least two Medicaid cases per eligibility worker per month. Second party reviews are having a supervisor or other senior caseworker independently review selected cases to verify they were handled correctly by the IM worker. On a statewide basis, this would be about 24,000 cases per year that would be subject to second party reviews. The state would develop error prone profiles for local agencies to assist them in targeting their reviews. With adequate resources, case reviews could be completed prior to the final determination of eligibility to prevent incorrect determinations and benefit payments. The additional local aids support the added workload of

conducting the reviews for local agencies. Further, the Governor's budget includes funding for 1.0 contract staff to implement this initiative, analyze the data and identify corrective action within an acceptable cycle time.

Corrective Action/Technical Assistance/Training. Once the data and other information gathered through the state QC review and local agency second party reviews are analyzed and corrective action measures are identified, the Department must quickly and effectively act on the recommended corrective action to create change. The Department's ability to implement corrective actions (policy changes, process changes, systems changes, training, technical assistance, etc.) that will reduce the incident of a specific error type is critical for improved and sustained quality and program integrity. Because many corrective action initiatives will be targeted to improving local agency staff knowledge, skills and processes, staff resources will be necessary to effectively implement and monitor these activities. Therefore, the Governor's budget includes:

- Funding for approximately 12 contract staff (payment accuracy experts) to provide on-site support for local agencies that need assistance with specific Medicaid and BadgerCare policies or processes that have resulted in a significant number of errors. The payment accuracy experts will also be responsible for coordinating FoodShare and Medicaid/BadgerCare policies/processes to create synergies that result in increased payment accuracy across programs. The payment accuracy staff will also review the processes implemented by local agencies to ensure that they are not error prone, comply with DHFS policies and provide good customer service. Until recently, DHCF contracted for the services of payment accuracy experts for FoodShare funded through food stamp reinvestment funds. All reinvestment funds for these staff will be expended by June 2005. These staff, however, were highly effective and have had a significant impact on Wisconsin's success in reducing the FoodShare error rate by 50% over the last two years. The Governor's budget would restore funding for payment accuracy experts to focus on Medicaid corrective action and its coordination with continued FoodShare corrective action.

- Funding for 2.0 contract trainers to quickly and effectively develop and conduct training for local agencies to implement error reduction strategies. One of these positions would be responsible for coordinating and conducting training specifically for Milwaukee County. Although progress has been made, Milwaukee County continues to have an error rate in food stamp eligibility determinations that is significantly higher than that of the balance of the state. Based on this fact and preliminary data from Medicaid case reviews, it appears very likely that Milwaukee County also has a significant error rate for Medicaid cases. Immediate resources are needed to address the error rates in Milwaukee County.

Enhanced Verification/Data Exchange. The Governor's budget provides $318,600 all-funds over the biennium for systems changes and 2.0 contract staff to enhance existing verification and data exchange processes by adding the capacity to process Internal Revenue Service (IRS) and Public Assistance Reporting Information System (PARIS) data exchange information. IRS and PARIS data can assist a trained worker in determining whether an individual has accurately reported income (interest, dividends, etc.) or assets through the report of interest, dividends or rental income.

IRS Data -- The Department would assume the duties for IRS matches that had been done by local IM agency workers until 2002, when the state's IRS data sharing agreement was suspended. Under this centralized approach, DHFS can: (a) more effectively target the IRS data exchange on Medicaid and FoodShare cases of the elderly and disabled and SeniorCare, which are the households with the most unearned income and assets; and (b) eliminate costly safeguarding requirements placed on local IM agencies.

PARIS Data -- PARIS is an information exchange system designed by the federal Administration for Children and Families to provide state public assistance program agencies with appropriate data as a result of a federal computer matching initiative. The participating state agencies (21 states and the District of Columbia) use the resulting matches to validate client-reported circumstances and identify possible candidates for erroneous payments based on data provided. The three parts of PARIS are the Veterans Administration match, Department of Defense/Office of Personnel Management match (regarding active or retired military and federal employees) and the Interstate match (duplicate payments made to the same client in more than one state).

With the IRS and PARIS data, DHFS would implement a centralized process to:

- Review targeted matches of Medicaid and FoodShare eligible cases;
- Send out verification requests to third parties (i.e., employers, to verify the information found from these sources);
- Enter verified information into the CARES system;
- Redetermine program eligibility and benefits;
- Determine the amount of program benefit overpayment; and
- Process overpayments for collection.

Statutory Modifications for Verification and Benefit Recovery. The Governor's budget also includes a number of statutory modifications that promote improved program integrity, particularly with regard to verification of information provided for eligibility purposes and benefit recovery. These provisions include the following:

- Policy modifications that allow IM workers to request verification of income by applicants when no third-party data is available. This provision includes funding of $175,000 all-funds annually for local IM agencies for the increased workload associated with this additional verification.

- Statutory changes that give the Department the authority to require third parties (i.e., employers, banks) to provide information at the request of IM workers.
- Statutory changes to restore the Department's ability to make Medicaid recoveries through the use of tax intercept.
- Statutory changes that allow the Department to recover overpayments that result from a failure to report changes in non-financial eligibility criteria (i.e., household composition, insurance coverage) outside of the application and review period.

In addition to the quality assurance package described above, the Governor's budget includes a modification to the Medicaid "grace month" policy that improves program integrity and is described below.

Medicaid "Grace Month" Policy. The Governor's budget includes savings of $3.7 million all-funds annually and one-time administration funding to delete the Medicaid "grace month" policy so that eligibility is terminated at the end of the 12-month benefit period, rather than at the end of the 13th month as under current policy.

C. CARES Programming Changes to Reduce Errors

As part of its appropriated funding for Medicaid contracts, the Department maintains a base budget for the ongoing operation of CARES. A portion of this budget is dedicated to special maintenance and enhancement projects that ensure the integrity of the system and consistency with federal and state laws and policies. Each year the Department must prioritize projects and budget funds to maintain program integrity, while staying within the established appropriated amount for such projects.

Currently, DHFS is committing a significant portion of CARES maintenance and enhancement budget to several major projects that will significantly improve eligibility determination business processes at the local level. These projects will provide eligibility workers with tools that will reduce and simplify their workload, allowing more time for program integrity activities. The following provides a description of these and other projects prioritized and scheduled for implementation in 2005.

CARES Worker Web (CWW) – Project 1.0

The CARES system uses a mainframe user interface that is difficult to learn and use, which contributes to reduced payment accuracy in Medicaid and other IM programs. The Department is in the process of building a new web user interface for CARES that will make it easier for workers to enter, view and change data that is used to determine eligibility. Implementation of CWW begins in February 2005 in several pilot counties. By November 2005, all counties will have implemented the new web user interface. The following is a list of tools

incorporated into CWW that will aid workers in assuring accuracy in their eligibility determinations.

- The intelligent scheduling of pages and questions based upon the programs requested, the type of individuals requesting and the answers provided during the interactive interview. This focuses the worker's attention on the answers provided that will affect program eligibility, rather than on questions and answers that are irrelevant to the eligibility determination.
- By making it easier to learn and navigate the system, workers can focus on the applicant or recipient's responses, rather than data entry.
- The questions and answers are no longer acronyms, abbreviations and numeric codes, which has made it more difficult for workers to determine if they had entered the correct and most accurate data. The CWW uses complete sentences and full phrases.
- The CWW will be connected to on-line policy, process and system documentation – policy manuals that have been recently moved from printed, hard copies to the Internet. This will help workers to access policy and process information more quickly and with greater certainty to ensure accurate eligibility determinations.
- Summary pages that allow supervisors, quality assurance reviewers and workers to see all the data needed to determine eligibility all on a single page.

Electronic Case File (ECF)

The Department is creating an ECF that will be used for all IM cases. The ECF will include all forms and verification documents associated with the case. The ECF will ensure that all documentation necessary to support both FoodShare and Medicaid eligibility determinations have been collected. This will make it easier for local agencies to access and share verification documentation for individuals, regardless of where they move. It will also allow central office staff to more closely monitor the accuracy of IM program eligibility determinations. The ECF is currently being piloted in Dane, LaCrosse and Price counties. A pilot in Milwaukee County will begin in the next few months. The ECF will be expanded to all counties in late 2005.

The total cost of ECF development and implementation is $1.7 million. This project is funded with one-time Food Stamp reinvestment funds.

DX with Child Support

Child support payments are counted as income in determining eligibility. All child support payments are recorded in the states Child Support Enforcement system, KIDS. While there is an interface between CARES and KIDS, there has been a problem in the 'translation' between KIDS (who pays and who owes) and CARES (who gets paid). This project will create a new mechanism for translating this information from KIDS into a format that the IM worker can easily understand and accurately use to determine eligibility.

The total estimated cost of this project is $50,000.

Medicaid Second Party Review System

To assure that IM workers accurately determine Medicaid eligibility, their supervisors need to review a selection of their cases. Soon, DHFS will require that each IM agency conduct second party reviews of a specified number of Medicaid cases each month. The Income Maintenance Quality Assurance (IMQA) system, which is a sub-system of CARES, will identify error prone cases, select the cases that should be reviewed, track local agency compliance with the review requirements and collect data regarding the review findings. The state will use this data to evaluate the impact of various policies and processes on program integrity and make any necessary changes for improved program integrity.

The total estimated cost of this project is $10,000.

The following CARES projects will further promote program integrity and represent the major projects scheduled for 2006 and 2007:

- **CARES Worker Web; Project 1.5** will build upon the accomplishments of CARES Worker Web, Project 1.0. Project 1.5 will implement specific functionality for handling mail-in applications and reviews using web-based pages and processing. This should eliminate many of the program integrity issues associated with mail-in applications and reviews. New web-based pages for workers to manage the system-generated reminders to take certain actions, also referred to as alerts, will also be added. This will improve program integrity by better prompting workers to take action on changes and updates to conduct correct and timely eligibility determinations.

- **CARES Worker Web, Project 2.0** will add eligibility summaries and other post-eligibility screens to the web. It will also connect the Electronic Case File to the CARES Worker Web pages and move client notices from the mainframe to CWW. This change will make it easier for workers to review the actions they have taken on Medicaid cases to ensure that they have made correct and timely determinations of eligibility.

- **ACCESS, Version 3** is a series of projects originally described in the Food Stamp Program Participation Grant application submitted to the U.S. Department of Agriculture. The grant awarded $1.7 million to the State of Wisconsin to build ACCESS and evaluate its effectiveness in various demonstration settings. Acceptance of the grant requires the State of Wisconsin to complete and evaluate ACCESS by June 2006.

ACCESS, Versions 1 and 2 created an Internet-based customer self-assessment that allows individuals and families to determine which programs of assistance they might qualify for. Version 1 was implemented in August 2004 and included

self-assessment for FoodShare, Family Medicaid/BadgerCare and SeniorCare. Version 2 was implemented in December 2004 and expanded access to include:

- Medicaid for the Elderly, Blind and Disabled,
- Supplement Food Program for Women, Children and Infants (WIC),
- The Emergency Food Assistance Program (TEFAP),
- Summer Food Program,
- Reduced/free school breakfast/lunch program, and
- State tax credit programs administered by the Department of Revenue (homestead tax credit, earned income tax credit, and child tax credit).

Version 3.0 includes a component that will allow citizens to apply for Medicaid and FoodShare through the Internet. Like the mail-in application and review functionality of CWW, this will improve program integrity with regard to mail-in applications and reviews. We will also add a new web component that will allow Medicaid recipients to report changes to their workers via a secured Internet site, thus making it easier to maintain correct eligibility and benefit determinations.

The Department has identified other potential projects and will consider them as available funding allows.

The Department remains committed to the highest level of program integrity possible within funding available. We continually seek to identify new ways to improve quality and integrity through business process change, use of automation, and information technology and training.

We are pleased to see that the LAB audit did not find any cases of actual recipient fraud. While that does not prove that no fraud exists, it does indicate that current practices are reasonably effective.

Nonetheless, we will remain vigilant and continue to seek ways to reduce worker error, improve productivity and effectiveness, and prevent fraud. We appreciate the Committee's support for these vital programs, and share your desire to make sure state and federal funds are used appropriately in all instances.


FORWARD
E PLURIBUS UNUM

Coalition of Wisconsin Aging Groups

2850 Dairy Drive • Suite 100
Madison, WI 53718-6751
608/224-0606
Fax 608/224-0607
E-mail: tfrazier@cwag.org

Thomas L. Frazier
Executive Director


FORWARD
E PLURIBUS UNUM

Richard Basilico

Food Stamps

Child care

WIC

MA

7 yrs. WI Assoc B
~~Public Assistance Team~~

Limited participation
in agency in
fraud prevention
Integrity funding

Fraud prevention

$2.6 — Million a Mth —
(Cases)

Higher requirements for MA —

1) Pay stubs not asked for —

A) Computers Database —

B) Change occurred in 2001 —

(Family) 2000 - Asset test eliminated

76% decrease in fraud prevention funding —

Error — Public Assistance

State law — Need to investigate all possible cases of fraud —

?? Do we have one ??