

PREVENTION, DETECTION, AND RESPONSE TO IMPROPER MEDICAID ENROLLMENTS UNDER THE AFFORDABLE CARE ACT

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MEDICAID IN NEW YORK CITY

- 3 million enrollees (plus emergency services for undocumented persons).
- \$30 billion in expenditures each year.
- NYC does enrollment, renewals.
- NYC does enrollment investigations, fraud control, over payment recovery.
- What happens after implementation to fraud control, investigations, payment recovery?

PROGRAM FRAUD HOTSPOTS NEW YORK MEDICAID CLIENTS

- Identification: 32,000 high net worth individuals or families in program, using assets to identify false statements about income (since we use income eligibility only).

Example: Brooklyn couple on social security.

- \$700,000 residence on Ocean Parkway.
- \$1.5 million beach house in Deal, NJ.
- 1/2 share of Taco Bell Lease-\$5000 per month.

2014 - ARE YOU READY?

- All U.S. citizens and all legal immigrants will be eligible for Medicaid if Modified Adjusted Gross Income (MAGI) is less than 138% of poverty level.
- CMS Office of Actuary- 20 million new enrollees eligible for Medicaid.
- Most new Medicaid enrollees, “childless adults”.

2014 - ARE YOU READY?

- Congressional Budget Office (CBO) has estimate that premium assistance program will cost \$113 billion annually by 2019, with premium assistance going to an additional 19 million Americans
- Subsidies up to \$88,000 income for family of 4
- Medicaid expansion will add 16 million new people to the program at a cost of \$97 billion in 2017

2014 - ARE YOU READY?

- New York Subsidy Examples under ACA:
 - Family of four- \$35,000 per year- \$12,130 policy, \$10,742 federal subsidy
 - Family of four- \$85,000 per year- \$15,116 policy, \$7,041 federal subsidy
 - (some variance in costs based on age of family, gold standard coverage)
 - Who will determine whether claimants are eligible for claimed subsidy?

2014 - ARE YOU READY?

- CBO estimate of the cost of premium assistance assumes that tens of millions of otherwise eligible households will not be eligible for this new entitlement because their employers will continue to offer them qualified coverage at their place of work. They are automatically ineligible for additional federal premium assistance.

2014 - ENROLLMENT RISKS

- No wrong door/no face to face.
- The Ontario model - 500,000 more cards than residents (down to 300,000 by 2006).
- The British Columbia model- 9.1 million BC Care cards for population of 4.5 million. (Vancouver Sun, 5/11/2011).
- The Quebec model- use of Quebec RAMQ cards to establish lawful residency by undocumented persons.

DAY 1

- States must demonstrate the functionality of their state based exchange or one facilitated by the federal government by October 2013. Medicaid enrollment and eligibility systems and IT must be modernized and ready to interact with the exchange by that date.

2014 - ARE YOU READY?

- Enrollment to begin through insurance exchanges for 2014 benefits on 10/01/2013 for new enrollees.
- Enrollment to begin in 2014 for Medicaid renewals.

10/01/2013

ARE YOU READY? NEW PLAYERS

- Insurance exchanges (State, or Federally facilitated (FFE)s).
- Enrollment contractors.
- Software and Systems Vendors.
- IRS feed for Modified Adjusted Gross Income (MAGI).
- Contract staff for eligibility determinations.

10/01/2013 - NEW SYSTEMS

- Online enrollment.
- Online verification of identity, immigration status, income.
- Eligibility determinations must, to maximum extent possible, be based on “self-attestation of income” verified by information from electronic data sources (Bachrach et al.)

MARCH 12, 2012 CMS FINAL RULE

- Framework for affordable health insurance exchanges.
- CMS link to reg.
- CMS link to fact sheet.

<http://cciio.cms.gov/resources/factsheets/index.html>

VERIFICATION THROUGH FEDERALLY MANAGED DATA SERVICES HUB

- “ Be a single point of contact or exchange for whenever you need information from, for example, the Social Security Administration (SSA) when you need validation. Send it to the hub, and get your result right back,” Ben Walker specialist, eligibility and enrollment team, at the Center for Consumer Information and Insurance Oversight.

FEDERALLY FACILITATED EXCHANGE (28 states)

- “FFE will assess or determine Medicaid and CHIP eligibility based on the State's applicable . . . MAGI-based income standards, citizenship and immigration status, and standard verification rules and procedures consistent with 42 CFR parts 435 and 457. HHS will release more detailed information about the eligibility determination process in future guidance. ” General Guidance on Federally-facilitated Exchanges” (May 16,2012)

10/1/2013 - NEW SYSTEMS

- “Reasonable compatibility” standard for determining eligibility for Medicaid, CHIP, and Advanced Premium Tax Credit/Cost Sharing
- Set forth in March 2012 CMS regulations (435.952 cite).
- When reported income is “reasonably compatible” with self-attestation, no additional documentation may be required

10/01/2013-NEW SYSTEMS

- “Reasonable compatibility”.
- Attestation and data sources are reasonably compatible “ if the difference or discrepancy does not reasonably affect” the eligibility of the applicant (in a system based solely on MAGI)
- \$25,000 income and \$2 million house?
- 3 registered late model vehicles and no reported income?
- In income only eligibility system are these “reasonably compatible”?

SEVEN QUESTIONS?

- 1) Does your state have its own insurance exchange under ACA? (17+ yes, 28 no).
- 2) Has your state's insurance exchange applied for (deadline 12/14/12) and been approved by CMS (deadline 1/1/13) (as of 12/20/12, 15 states applied, 11 states approved - CO, CT, DC, KY, MD, MA, MN, NY, OR, RI, WA).
- 3) Does your state have an FFE state partnership exchange? As of 12/20/12, (De); deadline for proposals 2/15/13.

SEVEN QUESTIONS (CONTINUED)

- 4) Will your state accept the health exchange's determination of Medicaid eligibility, or just accept the referral? 42 CFR 155.302
- 5) What has your state decided or requested as to the electronic data sources for eligibility determinations? Alternative data sources for financial verification? Alternate techniques for identity verification? Circumstances under which client can be contacted directly?

SEVEN QUESTIONS (CONTINUED)

- 6) What plans does your state have to anticipate and address audits of eligibility data confidentiality, controls, and use by IRS, SSA, or Homeland Security? (CMS FAQs).
- 7) How does your State plan to address Section 1313(a)(6) of ACA? .“Payments made by, through, or in connection with an Exchange are subject to the False Claims Act (31 U.S.C. 3729 et seq.) if those payments include any Federal funds.”

VERIFICATION PLAN

- Every state must develop a “verification plan”.
 - State’s verification procedures.
 - Standards for determining usefulness of data.
 - State’s “reasonable compatibility” standard for comparing electronic match with attestation.
 - Will serve as basis for PERM audits.

EXCHANGE APPLICATION QUESTION

3.5

SUPPORTING DOCUMENTS

- List of data sources the state is connecting to and interfacing with and,
- Brief description of how verifications will be conducted for: residency, citizenship and immigration status, incarceration, household income, household/family size . . . And eligibility for non-employer sponsored minimum essential coverage.

CMS PROVIDES PROPOSED ELIGIBILITY VERIFICATION PLAN TEMPLATE

- Filed with OMB November 8, 2012.
- Copy attached to this presentation.

NEW YORK EXCHANGE INDIVIDUAL DATA VERIFICATION

- 2/2013: Finalize the existing State and federal databases or resources available that could be used to verify the registrant's eligibility for Exchange participation.
- 4/2013: Institute an automated process for data verification, if possible. If automation is not possible, implement a manual process that will incorporate appropriate checks and the creation of an audit trail.

EXCHANGE APPLICATION 3.5 ATTESTATION REQUIRED

- “The Exchange has the ability to conduct verifications pursuant to 42 CFR 155 subpart D and is able to connect to data services, such as the Data Sources Hub and other sources as needed” <http://cciio.cms.gov/resources/files/hie-blueprint-081312.pdf>.

NEW YORK EXCHANGE INDIVIDUAL DATA VERIFICATION

- 6/2013: Create policies enabling regular testing of the effectiveness of the individual verification processes and mitigation of any risks that may be identified.
- The State plans to use “federal identity proofing service offered by Experian, subject to confirmation of test results for low income populations”.

CMS FAQs NOVEMBER 2012

The Federal data services hub will provide the following services on Day 1:

- Social Security Number (SSN) verification.
- Citizenship verification/ Immigration status verification.
- Incarceration verification.
- Title II benefit income information via SSA (monthly and annual amounts).
- MAGI income information from the Internal Revenue Service (IRS).

CMS FAQs NOVEMBER 2012

- “The Federal agencies involved in data verifications are currently involved in discussions of the overall approach to oversight and audits of safeguards. Certain agencies are expected to conduct their own independent audits”.
- IRS? Homeland Security? Social Security?

CMS FAQs NOVEMBER 2012

- “The State plans to use all required federal data hub services made available to states for Exchange eligibility determinations and verifications”.

CMS FAQs NOVEMBER, 2012

- “In all states, including those that do not proceed with the expansion, state eligibility systems must be able to electronically pass accounts between the Exchange (whether state-based or federally-facilitated) in order to facilitate seamless coordination.”
- <http://www.medicaid.gov/State-Resource-Center/Frequently-Asked-Questions/Downloads/Eligibility-and-Enrollment-Systems-FAQs.pdf>

CMS FAQs NOVEMBER 2012

- “In addition, the (Medicaid) systems must be able to support a single streamlined application for coverage among insurance affordability programs, support Modified Adjusted Gross Income (MAGI)- based eligibility determinations; and must support new renewal processes and connections for data-driven, electronic verifications”.

WHO HAS AN INTEREST IN IMPROPER ENROLLMENT?

- RECIPIENTS - Health Insurance
- RECIPIENTS - Access to controlled substances
- RECIPIENTS - Avoidance of mandatory health insurance purchase cost or penalty.
- RECIPIENTS – Identity card.

WHO HAS AN INTEREST IN IMPROPER ENROLLMENT?

- PROVIDERS – Payment for services actually provided (avoidance of bad debt).
- PROVIDERS – Increase population to utilize services (substance abuse, home health).
- HMOS - Increased premium revenue.

WHO HAS AN INTEREST IN IMPROPER ENROLLMENT?

- Contingent Fee Enrollment Vendors (to hospitals, rehab facilities).
- HMO Marketing Contractors.
- Medical Tourists.

WILL ANYONE CARE ABOUT IMPROPER ENROLLMENT?

- Initial 0% state share, rising to 10% in out years (after 2016).
- Need to get systems up, clients enrolled.
- Congressional Budget Office estimates that 17 million uninsured people will gain coverage through Medicaid, at a cost to the federal government of \$930 billion from 2014 to 2022 (NY Times 11/08/12).

WILL ANYONE CARE ABOUT IMPROPER ENROLLMENT?

- 15% of economy is “informal” or cash.
- 35-50% of cash economy is unreported.
- About 10% of New York City adult benefit enrollments use SSNs not before seen in LexisNexis database.
- About 45% of population has no federal income tax liability (but many qualify for EITC and CTC, so have incentive to understate).
- “Off-the-books” form entry for income verification.

ACA PROGRAM GOAL - ENROLLMENT AND RETENTION

- Program success measured by enrollment increases
- Health benefits of continuous enrollment – ignore short-term income fluctuations.
- “Complex and burdensome steps for consumers to establish and periodically recertify eligibility” means eligible people do not receive benefits.
Coalition for Access and Opportunity, May, 2012.

FOR ANOTHER POINT OF VIEW ON IMPROPER ENROLLMENTS

- “Reasonable Compatibility” Straw Models: Federal Requirements and State Options for Constructing a State’s Financial Reasonable Compatibility Standard (Bachrach et al.)
- www.maxenroll.org
- www.statenetwork.org