



Presentation to the 2013 Health and Human Services  
Joint Appropriation Subcommittee

**QUALITY ASSURANCE DIVISION**

Operations Services Branch  
Department of Public Health and Human Services

Reference:  
Legislative Fiscal Division Budget Analysis, Section B, Pages B-64 to B-68

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**OVERVIEW**

Healthcare and childcare in Montana are a significant part of Montana's economy providing services to all Montanans, in every community. The services impact all Montanans because either they are receiving services provided by DPHHS or the people know of someone, a family member or friend that is receiving services. The Quality Assurance Division (QAD) plays an important role in these services by providing responsive independent assessment and monitoring of human services as required under federal and state law.

Our involvement addresses the public policy created by the Montana legislature and Federal Government, to assess and monitor compliance of the standards for care, and to perform required administrative functions for Medicaid, and Supplemental Nutrition Assistance Program (SNAP). The QAD activities effectively monitor compliance with State and Federal rules and regulations and

provide the public an avenue to report complaints regarding care and services. These functions improve the quality of services and increase efficiencies.

## **SUMMARY OF MAJOR FUNCTIONS**

### **LICENSING AND CERTIFICATION**

The Montana healthcare industry is one of the largest industries in the state with independent practices, clinics, and facilities serving all Montanans, in all communities. The Quality Assurance Division plays a significant role in the health and well-being of these people through licensing over 1,200 health care facilities, community residential providers, and providers of mental health services. In addition, many of these licensed providers are also certified by QAD, as the State Survey Agency for the Centers for Medicaid and Medicare Services, to participate in the Medicare and Medicaid programs. These functions directly impact people in those facilities and services, as well as their families. The licensure and certification activities are conducted in accordance with State and Federal laws to ensure Montanans receive proper treatment and medical care, in a clean, comfortable environment, receive proper nutrition, and are provided security and age appropriate learning experiences in order to safeguard their overall health and well being. All facilities are subjected to unannounced inspections, and unannounced complaint investigations.

In addition to healthcare, QAD licenses child care facilities in Montana, in accordance with public policy established in State law. For parents who utilize child care or day care services, the activities of QAD assure safe out-of-home care for their children. The result for the children and parents is that the services are provided in a clean, safe, and comfortable environment and age appropriate care and learning opportunities are provided to the children. Montana has over 1200 licensed or registered providers located throughout the state, serving approximately 20,000 children. Licensing activities are necessary to meet the public's expectations of appropriate care for the children.

### **MEDICAID, TANF, AND SNAP – QUALITY CONTROL, THIRD PARTY LIABILITY, PROGRAM INTEGRITY, AND CLAIMS INVESTIGATIONS:**

#### **QUALITY CONTROL**

Every Montanan receiving benefits under Medicaid, Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), and Healthy Montana Kids (HMK) is benefited by quality control reviews. Montana has over 100,000 people that receive benefits under Medicaid and SNAP and they rely on this Department to determine benefits accurately. Quality control reviews are performed by sampling cases to verify that eligibility determinations were accurately completed. The division's role impacts all Montanans that utilize these services, and results in more accurate eligibility determination, makes sure eligible Montanans receive benefits and that eligibility determination errors are minimized. QAD performs quality reviews in accordance with Federal requirements, to ensure Montanans are receiving benefits appropriately. QAD works together with Policy Specialists and county Offices of Public Assistance to locate and understand eligibility determination errors in order to improve the overall quality of services. In addition to reviewing cases for eligibility, staff makes home visits which allow them to view firsthand how economic times have impacted Montana families. We assist in coordinating outreach with other agency services including LIEAP, Meals on Wheels, and Home & Community Based Health Care.

### **THIRD PARTY LIABILITY (TPL)**

The Division coordinates benefit functions to determine the existence of a Third Party Liability (TPL). Montana has over 100,000 people on the Medicaid program and many of those people also have insurance coverage, either under Medicare (16,000 – 18,000) or private insurance (5,000 – 6,000). Under Medicaid regulations, the Medicaid program is the payer of last resort, meaning other insurance is required to pay before Medicaid. The TPL functions encompass a wide array of services to coordinate benefits with other insurance. These activities resulted in savings to Montana in either costs avoided (\$160.5 million dollars), or recovery of benefits paid through cash collection (\$5.6 million dollars) in SFY 2012. This activity contributes to the sustainability of the Medicaid program for the taxpayers of Montana and future benefits for the people eligible for coverage under the Medicaid program.

### **PROGRAM INTEGRITY**

Medicaid program integrity is among the highest priorities nationally to promote economy, efficiency, and accountability in the management and delivery of services. The Montana program integrity functions are an integral part of the overall administration of the Montana Medicaid program to ensure DPHHS is an effective steward of the Medicaid program's limited resources. The Quality Assurance Division's role in the agency's program integrity is contained in our Surveillance and Utilization Review Section (SURS), which is responsible for Medicaid provider enrollment and screening, and audits and reviews of over 17,500 Medicaid providers that serve the people of Montana.

Healthcare providers enroll in the Medicaid program and provide services for Medicaid eligible people. SURS performs retrospective audits of claims paid by the Medicaid program. This function of the Medicaid program contributes to recovery of Medicaid benefits paid inappropriately to Medicaid providers due to billing errors, poor documentation of services provided, or non-compliance with Administrative Rules for covered services. This function is required under federal Medicaid regulations and helps prevent the loss of public dollars to fraud and abuse. SURS has recovered an average of over \$791,000 dollars per year over the last six years. In SFY 2012 overpayments collected amounted to \$881,218.

### **CLAIMS AND INVESTIGATIONS**

The Claims and Investigations Unit performs review and audit functions in accordance with Federal regulations that require the State to develop a plan for establishing and collecting overpayment of benefits for ineligible people, and over issuance of benefits. Overpayment claims are established at the local County Offices of Public Assistance (OPAs) and are reviewed for timeliness and accuracy by the Claims and Investigations Unit. QAD has recovered over \$2.3 million dollars in TANF, SNAP, or Medicaid benefits over the last two fiscal years. This unit is also responsible for investigating any case of alleged Intentional Program Violations (IPVs) in the SNAP, TANF and Medicaid programs, and ensuring that appropriate cases are acted upon either through administrative disqualification hearings or referral to a court of appropriate jurisdiction. Over the last two years (SFY 2011 and 2012) the unit has investigated 1,961 cases and 1,180 were found to have committed IPVs and were disqualified from receiving SNAP benefits. As a result of these disqualifications, SNAP overpayments in the amount of \$1,935,805.00 were established and cost savings of \$2,959,157 were achieved.

## AUDIT BUREAU

Audits are an essential tool to ensure DPHHS service providers manage State and Federal funding for the benefit of the people of Montana, and funding is not wasted or misused. Audits are an essential tool to assess financial management, proper internal control, contract and regulatory compliance, and proper program performance. Following a four-year cycle, QAD audits more than sixty Developmental Disability service providers serving approximately 4,500 people, forty-five child care centers that provide safe and healthy care for approximately 1,632 children, eight Chemical Dependency service providers that serve approximately 3,200 people, and four Vocational Rehabilitation Independent Living Centers that assist approximately 1,228 people with the resources to live independently, and other DPHHS programs, as requested. The Audit Bureau also advises DPHHS service providers in how to become better financial managers and advises DPHHS program managers regarding the financial status of their contractors. Audits result in service providers that are financially sound and better able to meet the needs of Montanans.

## MONTANA MARIJUANA REGISTRY

QAD administers the State Montana Marijuana Registry in accordance with the Montana Marijuana Act. A person with a debilitating medical condition can apply for placement on the registry and may name a provider, who is also tracked on the registry.

## HIGHLIGHTS AND ACCOMPLISHMENTS DURING THE 2013 BIENNIUM

### COST AVOIDED AND COLLECTED OVER \$141 MILLION IN MEDICAID BENEFITS FROM TPL ACTIVITIES

During fiscal year 2012, the Third Party Liability (TPL) program for Medicaid continued to achieve savings for the Medicaid program by coordinating benefits with other insurance plans for eligible people. This coordination of benefits directly impacted over 25,000 people with insurance coverage under Medicare or other private insurance.

<b>Third Party Liability (TPL)</b>	<b>Medicare</b>	<b>Other Insurance</b>	<b>Total</b>
Cost Avoidance	\$137,850,832	\$22,747,981	\$160,598,813
Recoveries	\$210,188	\$5,468,252	\$5,678,440
<b>Total</b>	<b>\$138,061,020</b>	<b>\$28,216,233</b>	<b>\$166,277,253</b>

Third Party Liability (TPL) program has the responsibility for ensuring that Medicaid is the payer of last resort on healthcare claims for services provided to Medicaid clients. This is accomplished through the following activities:

- o Coordination of benefits with Medicare and other health insurance.
- o Operating the Medicare buy-in program to pay for Medicare premiums and coordination of Part D benefits and clawback payments for eligible low-income senior citizens.
- o Operating the Health Insurance Premium Payment program for Medicaid recipients who need assistance in maintaining their health insurance.
- o Collection of Medicaid funds from other insurance, settlements, liens, estates and other sources of funding.

## **ACHIEVED CMS PERFORMANCE REQUIREMENTS - STATE SURVEY AGENCY**

The State Survey Agency (QAD/Certification Bureau) successfully satisfied the performance requirements of the Centers for Medicare and Medicaid Services (CMS) Mission and Priority Document. The requirements are issued with the state contract with CMS and direct the scope of work. The federal performance standards were met for nursing homes in areas of frequency of data entry, documentation of survey deficiencies, and adherence to federal conditions of participation. In addition, federal performance standards were met for hospitals, home health agencies, ESRD, hospices, ambulatory surgical services and RHC's in the areas of frequency of data entry, documentation of survey deficiencies, timeliness of EMTALA investigations, and adherence to federal conditions of participation. Meeting the performance standards is important for all Montanans as the Bureau's work ensures that, among many other standards, residents receive nutritious food, are kept clean and receive the medical care they need to promote quality of life at this fragile stage of their lifespan.

In addition to achieving the required performance standards of CMS, QAD continues to provide a quarterly electronic newsletter for all providers to keep them apprised of survey activities, trends, changes, and approaches to improving health care in their respective facilities. Monthly, the Bureau provides instructional webinars regarding the proper use of the Minimum Data Set (MDS) for nursing homes. This computer data entry tool is required by CMS for long term care provider payments. The Bureau also provides monthly instructional webinars that address CMS updates for various provider types as well as Life Safety Code common deficiencies and trends. These webinars provide a convenient and cost free opportunity for all provider types to ask questions of the Bureau on CMS regulations. Through a partnership with the Montana Quality Improvement Organization, the Bureau also provided a cooperative webinar featuring a nationally recognized speaker for providers and other stakeholders on adverse drug events in facilities. This offering was a response to the recent CMS initiative of reducing antipsychotic medications in those nursing home residents with dementia.

## **IMPLEMENTED THE MONTANA MARIJUANA ACT LEGISLATION UNDER SB423**

QAD successfully implemented the requirements of the Montana Marijuana Act passed under Senate Bill 423 from the 2011 legislative session. The legislation required significant changes in the administration of the registry and changes to the registry tracking system for qualified registrants, providers, and physicians. This requirements of SB 423 were put into production on June 2011. The number of registered cardholders on the on the registry has declined from 31,522 at the end of May 2011 to 8,404 as of November 2012. In addition, the number of caregivers (as defined under the old law) was 4,650 in May 2011, has declined to 293 providers (as defined under the new law) in November 2012. The department continues to monitor the program implementation and the impact as the legislation progresses through the legal system and the results of the 2012 election and Initiative Referendum No. 124.

## **HEALTH CARE FACILITY LICENSING SYSTEM**

The QAD Licensure Bureau is developing a new Health Care Facility Licensing System that will enhance our licensing, renewal, enforcement and compliance activities related to the issuance of the health facility license types issued by the Department. QAD is working collaboratively with the Technology Services Division (TSD) and a vendor, Iron Data, to develop a new licensing system for Montana. The system, called Versa, is a COTS product that is being configured to Montana's unique facility licensing needs. The project is well underway. A team representing the Licensing Bureau, Project Management Bureau, and the vendor are meeting regularly to gather requirements and discuss the capabilities the new system must have in order to meet the needs of licensing staff, Montana health

care facilities, and the public. With the addition of Versa, the Licensing Bureau will be able to track facilities from the time they open, closely monitor changes and inspections, and maintain records of deficiencies and violations which will eventually be searchable by Montanans looking for information on specific facilities. In phase two, the system will be capable of taking online applications and payments, making health care licensing much more efficient for licensees and eliminating unnecessary staff time. It is estimated all phases of this project will be completed by July, 2013.

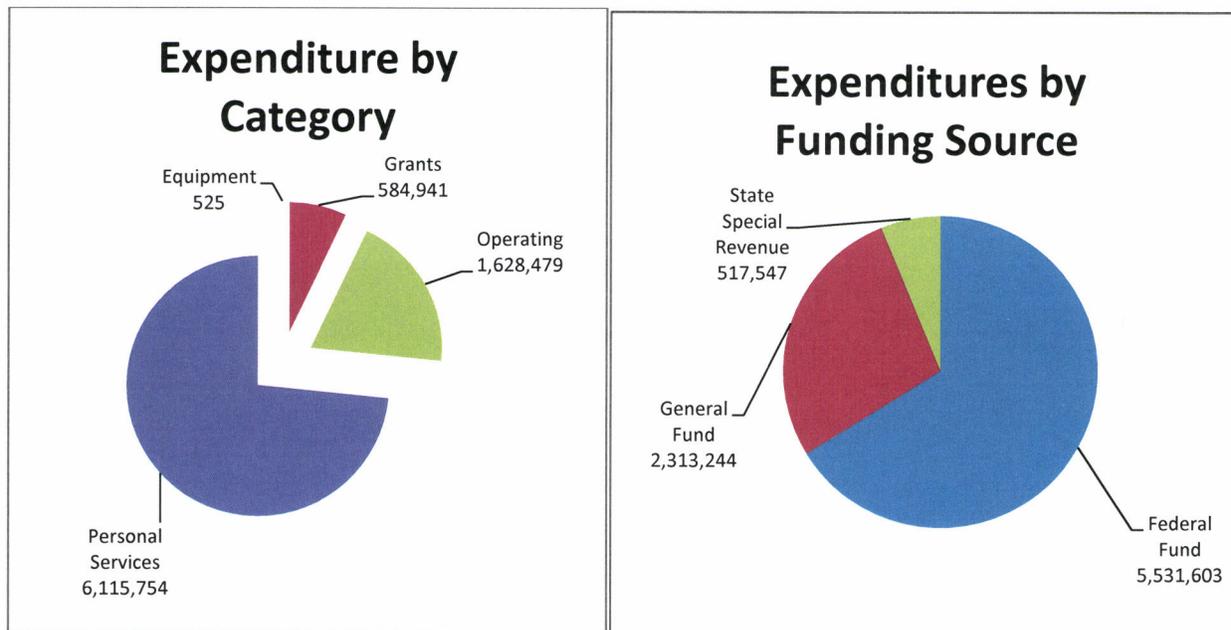
**2015 BIENNIUM GOALS AND OBJECTIVES**

<p><b>Department of Public Health and Human Services Quality Assurance Division</b></p>	
<p><b>Goals and Objectives for the 2015 Biennium Submitted September 2012</b></p>	
<p><b>Goal:</b> Continuous improvement in the Department’s efforts to protect the health, safety, and well being of Montanans by:</p> <ul style="list-style-type: none"> <li>○ Maintaining regulatory oversight that promotes Montana health care facilities, youth care facilities, child care facilities and facilities serving individuals with physical and developmental disabilities to be in compliance with applicable laws and regulations.</li> <li>○ Providing program integrity oversight, and audit functions.</li> </ul>	
<p><b>Objective</b></p>	<p><b>Measures</b></p>
<ul style="list-style-type: none"> <li>• Perform licensure and certification functions for the respective facilities and providers as established within the applicable state and federal laws.</li> <li>• Provide program integrity oversight. Maximize cost avoidance and recoveries for applicable agency programs in accordance with state and federal laws.</li> <li>• Conduct independent audits of agency programs and services and provide agency management with evaluations of internal work processes.</li> </ul>	<p>Through review and analysis, the division determines whether:</p> <ul style="list-style-type: none"> <li>• Licensure and certification functions are completed in accordance with timelines defined under state or federal rules and regulations.</li> <li>• All reasonable measures are taken under the Social Security Act to ascertain the legal liability of “third parties” for health care items and services provided to Medicaid recipients.</li> <li>• Quality control audits and reviews of client eligibility for Medicaid, SNAP and Healthy Montana Kids are performed timely and within guidelines.</li> <li>• Independent audits of DPHHS work processes and service providers are conducted timely and within guidelines.</li> </ul>

## FUNDING AND FTE INFORMATION

	2012 Actual Expenditures	FY 2014 Request	FY 2015 Request
<b>Quality Assurance Division</b>			
FTE	115.73	117.73	117.73
Personal Services	6,115,754	6,921,989	6,925,817
Operating	1,628,479	1,763,410	1,708,520
Equipment	525	525	525
Grants	584,941	584,941	584,941
Transfers	32,695	32,695	32,695
Debt Services	0	0	0
<b>Total Request</b>	<b>8,362,394</b>	<b>9,303,560</b>	<b>9,252,498</b>
General Fund	2,313,244	2,551,731	2,554,836
State Special Fund	517,547	585,099	586,576
Federal Fund	5,531,603	6,166,730	6,111,086
<b>Total Request</b>	<b>8,362,394</b>	<b>9,303,560</b>	<b>9,252,498</b>

### THE FOLLOWING FIGURES PROVIDE FUNDING AND EXPENDITURE INFORMATION FOR FY 2012 FOR THE QUALITY ASSURANCE DIVISION



**DECISION PACKAGES (SEE LFD BUDGET ANALYSIS, PAGES B-64 TO B-68)**

**PL 8002 – Recovery Audit Contract Program Permanency (LFD Page B-68)**

- This decision package requests funding for the Recovery Audit Program.

<b>Fiscal Year</b>	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2014</b>	\$	\$ 32,134	\$ 32,134	\$ 64,268
<b>FY 2015</b>	\$	\$ 32,393	\$ 32,394	\$ 64,788
<b>Biennium Total</b>	\$	\$ 64,527	\$ 64,528	\$ 129,056

**NP 8005 – Survey Federal Compliance (LFD Page B-68)**

- This decision package requests 2.00 FTE and Title 18 Medicare federal funds for certification of health care and nursing facilities as required under Section 1964 of the Social Security Act.

<b>Fiscal Year</b>	<b>General Fund</b>	<b>State Special</b>	<b>Federal Funds</b>	<b>Total Request</b>
<b>FY 2014</b>	\$	\$	\$ 197,607	\$ 197,607
<b>FY 2015</b>	\$	\$	\$ 139,491	\$ 139,491
<b>Biennium Total</b>	\$	\$	\$ 337,098	\$ 337,098

**LEGISLATION**

The Division has no pending or requested legislation.