

Legislative Audit Division

State of Montana



Report to the Legislature

March 2004

Performance Audit Survey

Determination of Public Assistance Eligibility

Public Assistance Bureau
Human and Community Services Division

Department of Public Health and Human Services

This survey provides background information on department eligibility determination for public assistance. The benefits of conducting further performance audit work of the process are limited. Initial audit work indicates controls are in place and working.

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Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, political science, criminal justice, computer science, education, and law.

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March 2004

The Legislative Audit Committee
of the Montana State Legislature:

This is our performance survey report of the controls over eligibility determination for public assistance programs. Department of Public Health and Human Services staff are responsible for these determinations at the county level. This survey contains an assessment of the management controls in place to govern the process. Based on our review, we do not recommend conducting a performance audit.

We wish to express our appreciation to department personnel, both in Helena and at the county level, for their cooperation and assistance.

Respectfully submitted,

Signature on File

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Performance Audit Survey

Determination of Public Assistance Eligibility

**Public Assistance Bureau
Human and Community Services Division**

Department of Public Health and Human Services

Members of the audit staff involved in this audit were Angie Grove and Monica Smith.

Table of Contents

| | |
|--|------------|
| List of Tables and Figures | ii |
| Appointed and Administrative Officials | iii |
| Chapter I - Eligibility Determination Process..... | 1 |
| Introduction | 1 |
| Objectives and Methodologies..... | 1 |
| How is Program Eligibility Determined? | 2 |
| Are There Controls to Direct Eligibility Determinations? | 4 |
| Management and Supervision Responsibilities..... | 4 |
| Staffing Levels and Workloads | 5 |
| Management Information is Used to Monitor Compliance | 5 |
| Quality Assurance..... | 6 |
| Would Centralizing Eligibility Determinations Improve Controls? | 6 |
| Federal Requirements..... | 7 |
| Conclusion: Further Performance Audit Work Not Warranted..... | 7 |
| Department Response..... | A-1 |
| Department of Public Health and Human Services..... | A-3 |

List of Figures and Tables

Figures

| | | |
|----------|--------------------------|--------|
| Figure 1 | Application Process..... | Page 3 |
|----------|--------------------------|--------|

Appointed and Administrative Officials

Department of Public Health and Human Services

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John Chappuis, Deputy Director

Hank Hudson, Administrator
Community and Human Services Division

Karlene Grossberg, Chief
Public Assistance Bureau

Chapter I - Eligibility Determination Process

Introduction

The Department of Public Health and Human Services (DPHHS) has three primary assistance programs for low income or categorically needy clients. Department programs include Medicaid, Food Stamps, and the Temporary Assistance for Needy Families (TANF). Currently, DPHHS staff located in county offices across the state determine eligibility for these programs.

Objectives and Methodologies

At the request of the Legislative Audit Committee, testing focused on two areas:

- 1) Are there management controls in place for eligibility determinations?
- 2) Would centralizing determinations improve process controls?

Audit testing included:

- ▶ Identifying relevant statutes/regulations.
- ▶ Examining related studies of the process and computer systems used.
- ▶ Reviewing federal and state forms.
- ▶ Contacting involved national organizations.
- ▶ Relying upon previous Legislative Audit Division audits/internal documents.
- ▶ Interviewing key management and program staff.

Control testing and risk assessment focused on DPHHS activities at the county level. County DPHHS offices were visited. Work included:

- ▶ A review of eligibility files in each county.
- ▶ Interviews with staff involved in all aspects of the determination process.
- ▶ Observations of intake interviews.

Chapter I - Eligibility Determination Process

- ▶ Observations of reception area activities/processes.
- ▶ Identification of forms used and procedures followed.
- ▶ Documentation of reports compiled and used by staff.
- ▶ Documentation of supervisory review and quality control activities.
- ▶ Identification of computer systems used and accessed.
- ▶ Flowcharts of processes followed at each office.
- ▶ Assessing any process inconsistencies.

The following sections summarize our related observations in each of these areas.

How is Program Eligibility Determined?

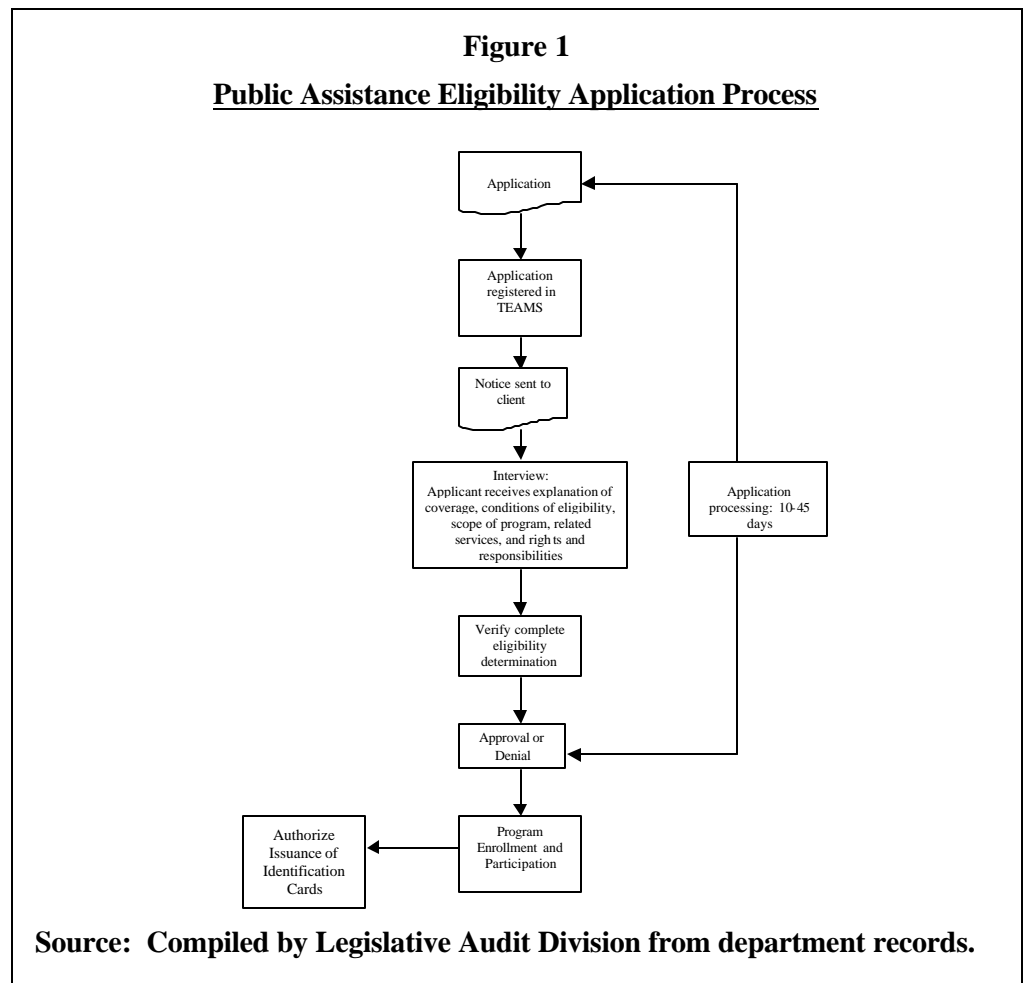
DPHHS case examiners in county Offices of Public Assistance (OPA) perform program eligibility determinations. DPHHS uses 19 county directors to supervise combinations of all 56 counties. Only 19 county directors are designated, since several counties have combined/consolidated their operations to streamline the process and reduce overhead costs.

The eligibility process starts when an application for assistance is made. Upon receipt of the application, the information is entered in The Economic Assistance Management System (TEAMS), the computer system used by DPHHS to track, store, share, and process program information. Caseworkers are then responsible for investigating client eligibility and making determination decisions. Caseworkers obtain readily available information from the applicant, such as income statements, medical bills, birth certificates, pay stubs, and rent receipts. Separate verification can then be completed by accessing various information on state databases such as motor vehicles registration, property tax, and employment taxes. The department's policy manual lists items which must be verified and/or documented during the application process. Additional information

Chapter I - Eligibility Determination Process

can also be gathered during interviews between the case manager and the applicant.

Eligibility was determined between 10 to 45 days in files we reviewed. According to federal regulations and department policies, disability determinations should be processed in 90 days. Time frames can be exceeded in unusual circumstances which are caused by the applicant or are beyond the department's control. For example, waiting for a physician's examination can result in longer determination time frames. Time frames begin the day the signed application is received and date stamped in the county office and end the day a decision notice is mailed to the applicant. The following chart illustrates the process followed:



Chapter I - Eligibility Determination Process

Are There Controls to Direct Eligibility Determinations?

DPHHS has developed a system of management controls to track timeliness, accuracy of reporting, customer service, and compliance monitoring of eligibility determinations. These controls were documented in files, observed during intake interviews, and discussed in staff interviews. Controls documented include:

- ▶ Defined mission statement communicated to the staff and the public.
- ▶ Clearly assigned management and supervision responsibilities.
- ▶ Established methodology for assigning caseworker workloads.
- ▶ Formal documentation of monitoring compliance and the need for process or policy changes.
- ▶ A systematic approach to quality control.

The agency's organization, methods, and procedures for program requirements provide sufficient controls for ensuring that goals are met. The following sections highlight the controls identified.

Management and Supervision Responsibilities

Regional DPHHS managers conduct process oversight and program coordination on a statewide basis. They assure communication between Helena and county offices. Regular staff meetings and local visits are conducted by these managers.

County DPHHS supervisors are in charge of reviewing at least two cases per caseworker per month for accuracy and completeness. Monthly and quarterly TEAMS reports allow these supervisors to keep track of staff workloads and case activities. Areas monitored through TEAMS include:

- ▶ Timeliness of determinations
- ▶ Caseloads of staff
- ▶ Type of cases per staff
- ▶ Various quality assurance reports
- ▶ Areas of potential fraud or program violations

Chapter I - Eligibility Determination Process

- ▶ Caseload status
- ▶ Accuracy of determinations and policy compliance

Another review of eligibility determinations is completed by DPHHS regional Quality Assurance Specialists. These specialists randomly review approximately 300 cases per quarter to identify/correct determination errors and to highlight potential training needs.

Staffing Levels and Workloads

Eligibility determination caseloads can be difficult to manage on the county level, especially in larger counties. There are 19 county directors who oversee 360 staff. Caseloads range from 150 to over 250 per caseworker. County DPHHS offices maintain schedules to record client meetings and intakes. This schedule can be used to initially distribute cases to caseworkers. TEAMS then generates a caseload report that factors in case complexity to distribute caseloads. County supervisors use this report to equalize workloads. This report is also used to track FTE needs by office.

As mentioned earlier, several county offices have been combined. In addition, there are 24 staff in the central office (was 34 in 1995). Continuing county operations and reducing FTE levels was in part due to the use of the formal methodology and process oversight. There are 20 less FTE in this program since 1993.

Management Information is Used to Monitor Compliance

Eligibility information is compiled, organized, and tracked through use of standardized forms, formalized policy/procedure manuals, and electronic systems. DPHHS compliance with eligibility regulations is directed by state and federal program mandates. State forms utilized by county offices conform to state and federal requirements for public assistance programs. Counties develop additional procedures specific to their own organizational needs. DPHHS managers, supervisors, and caseworkers use state manuals and manual updates to keep up with current federal program changes. Consistent use of department manuals and standard state agency forms, as well as supervisory review, establishes a formal system of monitoring program compliance.

Chapter I - Eligibility Determination Process

Both paper and electronic files are kept. The TEAMS system tracks both closed and open cases. Paper files are kept within the office for approximately three years, depending on file storage space, and then purged from file storage. Case file reviews in each county indicated that caseworkers and supervisors are consistently maintaining TEAMS and paper files, and in a format that all regional QA Specialists can follow.

Case files and electronic files contain much of the same information. Case files often contain hard copy verification of income, social security numbers, utilities, etc. Most, if not all, of the information in the case file is documented on TEAMS. As noted earlier, verification can be obtained through various state databases to verify the information without acquiring hard copy verification. Some employees suggested scanners would allow them to electronically store all verification sources in the TEAMS file. Future TEAMS upgrades/updates will examine this area further.

Quality Assurance

In response to previous audits and federal compliance concerns, the department has developed a systematic approach to quality assurance. As noted earlier, county DPHHS supervisors are required to review a minimum of two cases per case manager per month to evaluate the accuracy of determinations made and assure compliance with policies. Regional DPHHS staff complete additional case reviews. Determination accuracy and completeness are again examined. The third tier of review occurs by the Program Compliance staff in the Quality Assurance Division. Those staff focus on various federal compliance areas and determination errors for Food Stamps. Their reviews incorporate independent verification of case information through home visits, contacts with relevant banking/financial institutions, etc.

Would Centralizing Eligibility Determinations Improve Controls?

Although the topic has been raised on the need for centralizing all eligibility determinations, we believe centralizing would not improve overall effectiveness. Concerns with the current process such as incomplete documentation and errors in calculating monthly income, are a function of staff turnover and program complexities. Any

Chapter I - Eligibility Determination Process

efficiency gained through processing applications centrally would impact the strengths of the current approach. The current decentralized approach has strong points. These include:

- ▶ Face to face contact with clients
- ▶ Statewide accessibility with 19 offices and staff who travel to rural counties
- ▶ On-going coordination and communication between Helena and counties
- ▶ Referral capability and familiarity with local supportive services
- ▶ Networking and knowledge of local resources, i.e., other social service programs

Federal Requirements

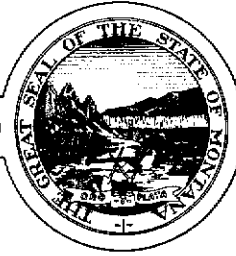
Some programs also have requirements which would be impacted. Section 1902 (a)(55) of the federal regulations stipulates state programs must provide mandatory use of outstation locations, other than welfare offices, to receive and initially process applications of certain low-income pregnant women, infants, and children under the age of 19 (43 FR 45204 Sec. 435.3 (1902(a)(55)). This process generates useful face-to-face contact with potential Medicaid clients. This type of contact assists in verifying and identifying program eligibility and assuring compliance with federal statutes.

Conclusion: Further Performance Audit Work Not Warranted

In closing, we believe the current process used for eligibility determinations is the more effective means of evaluating applicants' program eligibility. Although there are some efficiencies that may be gained by centralizing these determinations, we do not believe those changes would outweigh the benefits of the current process. The department has taken steps to develop a system of controls and to monitor this current process.

Department Response

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



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March 15, 2004

RECEIVED

MAR 15 2004

LEGISLATIVE AUDIT DIV.

Ms. Angie Grove
Performance Audit Manager
P. O. Box 201705 Rm 160
Helena, MT 59620-1705

Dear Ms. Grove:

The Human and Community Services Division, Department of Public Health and Human Services, has reviewed your performance survey report of Eligibility Determinations of Public Assistance.

We have no corrections or additions to offer. Your input and professional approach to this task are greatly appreciated.

Eligibility determinations are a central component of the mission of this Division. We have worked diligently to balance customer considerations with a high level of accuracy. Your report, when released, will be shared with our staff to assist in their continued development.

Sincerely,

A handwritten signature in cursive script that reads "Hank Hudson".

HANK HUDSON
Administrator

c: Mick Robinson