

**OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON REDUCING COSTS THROUGH FASTER MEDICAID INCOME VERIFICATIONS**

OCTOBER 9, 2017

---

This coordinated management response to the State Auditor's Office (SAO) performance audit report received September 25, is provided by the Office of Financial Management and the Health Care Authority (HCA).

---

**SAO PERFORMANCE AUDIT OBJECTIVES:**

The SAO designed the audit to answer:

1. Can the Health Care Authority verify Medicaid applicants' incomes faster to reduce the amount of benefits purchased from insurance companies for people with ineligible incomes?
- 

**SAO Findings:**

1. Hiring more verification staff would help HCA eliminate its backlog more quickly and achieve net state savings that likely total about \$13 million for the two years ending June 2020.
  2. Formalizing expectations for processing times would help HCA better manage verification staff's performance.
  3. Prioritizing income verifications on programs with the highest cost to the state could result in further savings.
- 

**SAO Recommendation 1:** Add verification staff. This will require HCA to work with the Legislature to obtain the necessary funding for hiring people and leasing additional office space.

**STATE RESPONSE:** HCA agrees with the recommendation and is taking steps to increase staffing.

**Action Steps and Time Frame**

- Using unexpected savings generated from staff taking leave without pay, HCA hired several non-permanent staff to focus solely on income verifications. We anticipate these staff continuing until June 30, 2018. *Hiring completed by 9/1/17.*
  - HCA will submit a 2018 supplemental budget request for additional staff to complete income verifications. *By 10/9/17.*
- 

**SAO Recommendation 2:** Work with the union representing verification workers to establish written performance benchmarks, which would improve management of verification staffing levels and individual staff performance.

**STATE RESPONSE:** HCA agrees with the recommendation for performance benchmarks. While HCA does not have union-approved production standards, leadership does monitor staff work

performance to ensure quality and quantity. Before developing workload standards, HCA wants to confirm workload processes are stabilized to help ensure accurate production standards.

**Action Steps and Time Frame**

- Continue to monitor work performance to ensure quality and quantity. Develop performance expectations for staff. *By 11/2018*
- 

**SAO Recommendation 3:** Work with Centers for Medicare & Medicaid Services (CMS) to identify ways to prioritize verifications on clients in programs with larger state-funded premiums while working through the backlog.

**STATE RESPONSE:** HCA agrees with the recommendation and will work with CMS to explore prioritization options.

**Action Steps and Time Frame**

- Conduct an analysis of General Fund dollars expended per coverage group to identify possible savings. *By 6/30/18.*
  - Develop prioritization proposal. *By 8/30/18.*
  - Present proposal to CMS. *By 9/30/18.*
- 

**SAO Recommendation 4 to the Legislature:** Provide HCA with funding in fiscal year 2019 to increase the size of agency verification staff.

**STATE RESPONSE:** Not applicable.

---