



## **Reducing Costs through Faster Medicaid Income Verifications**

Joint Legislative Audit Review Committee  
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# Audit objective and scope

This performance audit sought to answer this question:

- Can the Health Care Authority (HCA) reduce spending on benefits for people who do not qualify by more quickly verifying the incomes of potential Medicaid clients?

The audit examined:

- Health Care Authority case data: fiscal years 2016 & 2017
- Office of Financial Management forecasts: fiscal years 2018, 2019, 2020

# Answer in brief

Healthcare benefits purchased for ineligible clients can be reduced if HCA hires an additional 30 verification staff.

- 2018-2020 net state savings: \$12.9 million

# Background

- 2010: Congress adopted the Affordable Care Act
  - Act significantly expanded Medicaid coverage for low-income adults
- 2014: States required to implement the Act
  - Twice as many people applied as HCA expected

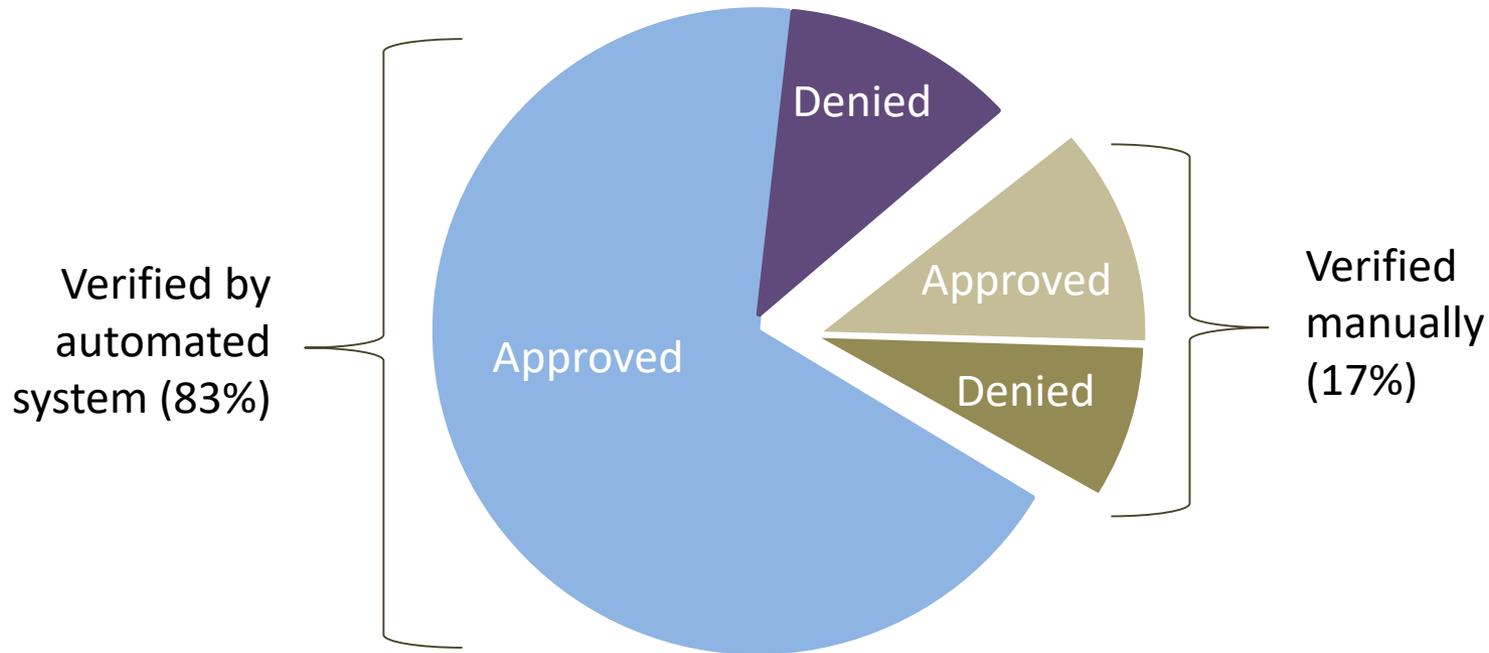
Expected enrollment 237,000

Actual enrollment 511,000

- HCA had too few verification workers to keep up with demand

# How applications are verified

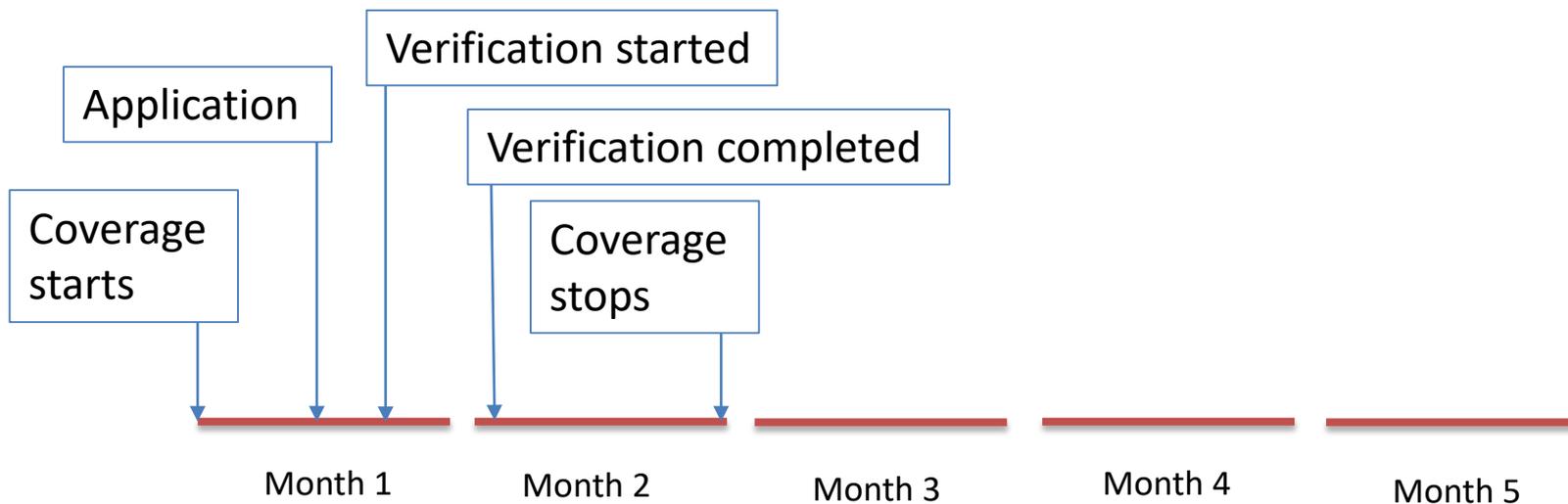
About 83% of applications are verified automatically



Faster verification of manually verified applications could reduce the benefits paid to ineligible persons

# The focus of our audit objective

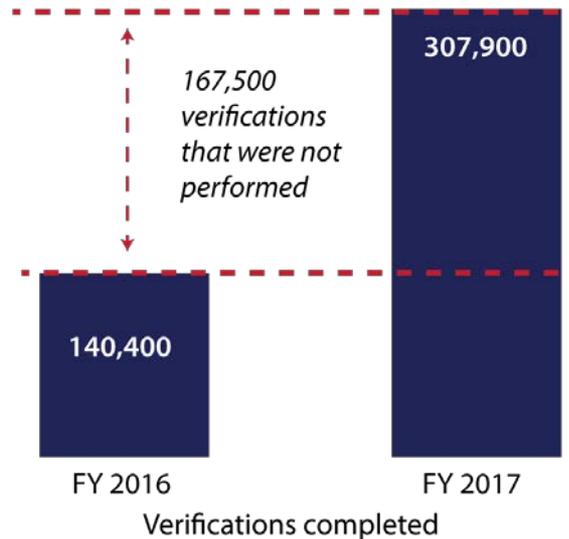
HCA's income verification times showed opportunity for improvement in fiscal year 2017



# Consequences of higher-than-expected workload

HCA skipped some manual income verifications in FY 2016 because it had too few verification workers

- Some ineligible applicants would have continued to receive benefits



# Consequences of higher-than-expected workload

During fiscal year 2017:

- Verifications averaged about 120 days to complete
- HCA purchased between \$15.1 million and \$19.2 million in avoidable benefits for ineligible people

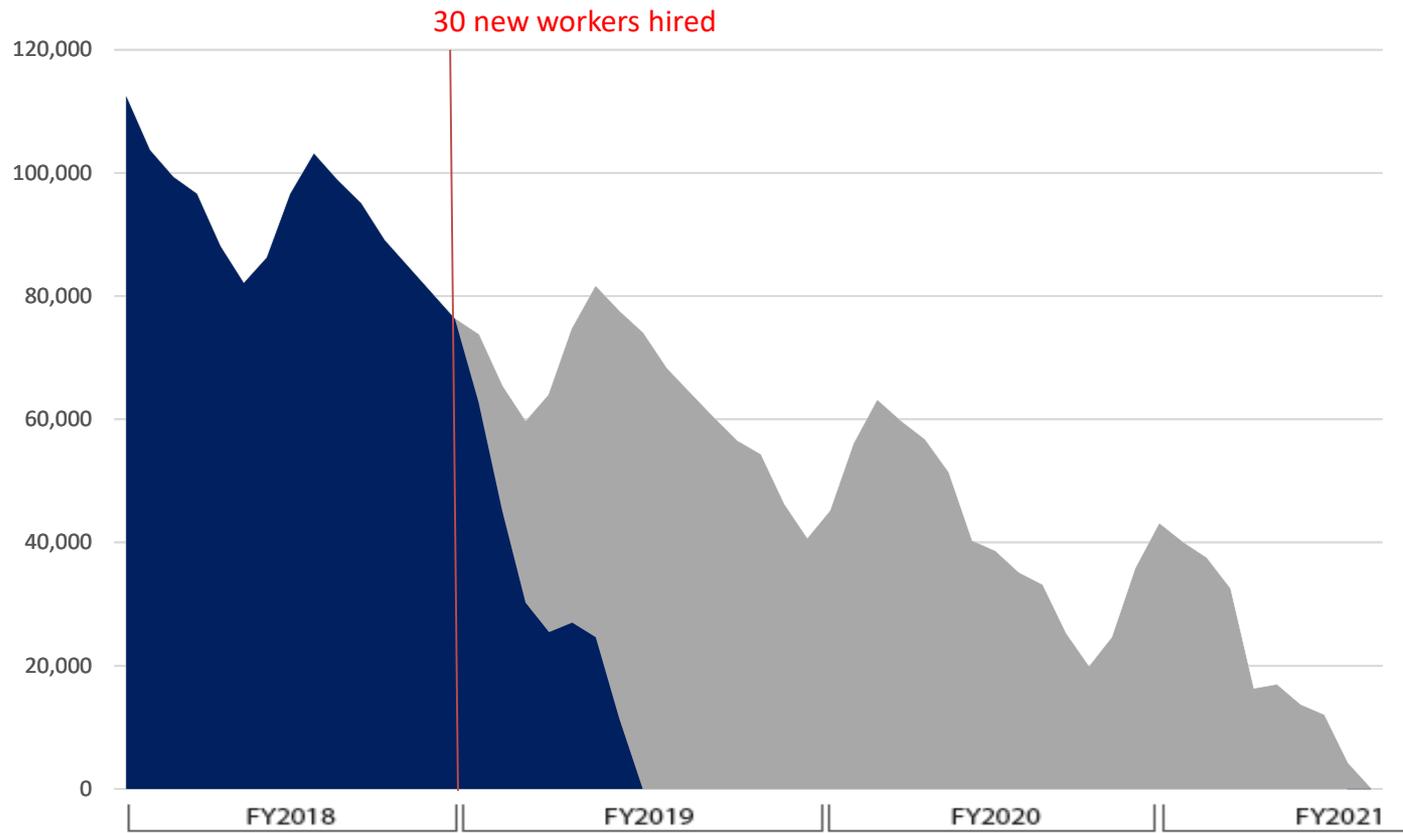
# HCA has improved

In spring 2017, HCA significantly improved its verification productivity rates through a process improvement initiative



# More staff means more income verifications performed

More income verifications eliminates the backlog faster



# Federal and state government can both save

By adding more verification workers,  
both governments achieve savings

	Avoidable benefits for FYs 2019 & 2020
Washington	\$16.6 million

# Estimated net state savings

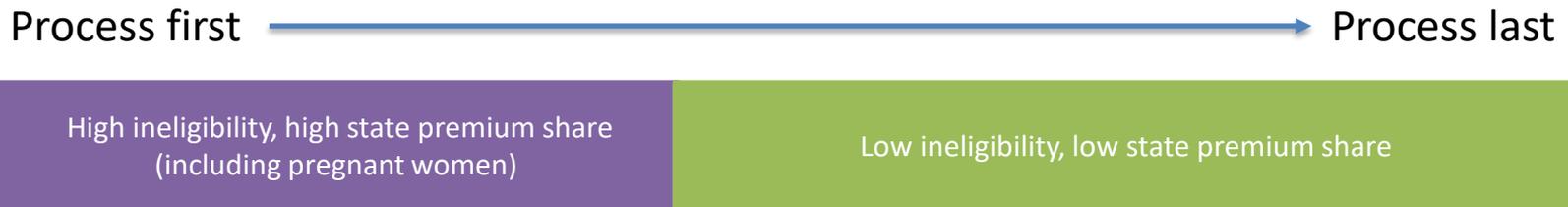
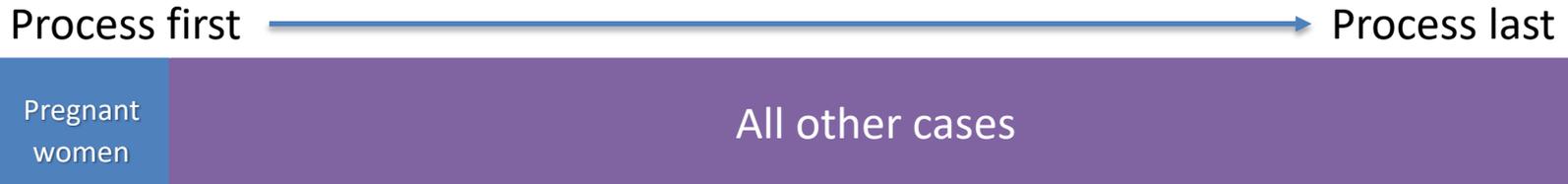
Estimated net state savings for FYs 2019 & 2020	
Avoidable benefits	\$16.6 million

# HCA needs formal performance targets

## HCA:

- Needs high-quality information to manage staffing levels and performance
- Implemented an improved verification tracking system in 2016
- Has not yet adopted formal performance benchmarks for its verification staff
- Would need to work with union representing its employees

# More savings through prioritization



- Saves the state nearly \$10 million

# Recommendations

We recommend the Legislature:

- Provide HCA with funding in fiscal year 2019 to increase the number of verification employees

We recommend HCA:

- Add 30 verification employees
- Establish performance benchmarks to address:
  - Management of verification staffing levels
  - Individual staff performance
- Work with CMS to identify ways to prioritize verifications for clients in programs with larger state-funded premiums

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