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April 24, 2003

Antonia C. Novello, MD, MPH, Dr. PH
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Report 2002-F-32

Dear Dr. Novello:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Health (Department) as of April 1, 2003 to implement the recommendations contained in our audit report, *Management of Child Health Plus B* (Report 2000-S-28). Our report, which was issued on May 23, 2001, examined the Department's management of Child Health Plus B.

Background

In 1991, the New York State Legislature created the Child Health Plus Program, now referred to as Child Health Plus B. Child Health Plus B, which is administered by the Department, provides low cost or free health insurance to children under the age of 19 who are not eligible for Child Health Plus A, formerly known as Medicaid. State and federal spending for Child Health Plus B during fiscal year 2002-03 was \$372 million and \$420 million, respectively. According to Department reports, as of February 2003, more than 425,000 children were enrolled in Child Health Plus B.

In administering Child Health Plus B, the Department contracts with 30 health insurers. The insurers are responsible for enrolling children in Child Health Plus B, providing managed care health insurance coverage to the children, and annually renewing their eligibility for Child Health Plus B. The Department also contracts with 47 community based, culturally and linguistically appropriate facilitated enrollers, which are located in community settings such as schools, libraries, clinics and community centers. Facilitated enrollers assist in the enrollment of children and in the determination of a child's eligibility for Child Health Plus B.

Summary Conclusions

In our prior audit, we found that the Department had done a good job implementing new initiatives to increase Child Health Plus B enrollment and to ensure only eligible children were enrolled. The Department had undertaken several new initiatives to help ensure that only eligible children were enrolled, such as implementation of a new application process and facilitated enrollment. However, we identified several types of errors in the eligibility determination process, which could lessen the effectiveness of the Department's initiatives. In addition, we found the Department could better coordinate its marketing and outreach activities with health insurers and facilitated enrollers and take certain other additional steps to identify populations that were not being adequately reached.

In our follow-up review, we found that Department officials have made substantial progress in implementing the recommendations contained in our prior audit report.

Summary of Status of Prior Audit Recommendations

Of the five prior audit recommendations, Department officials have implemented four recommendations and have partially implemented one recommendation.

Follow-up Observations

Recommendation 1

Continue efforts to ensure that children are enrolled in the correct program.

Status – Implemented

Agency Action – During our prior audit, the Department estimated that about 20 to 24 percent of Child Health Plus B enrollees (approximately 100,000 enrollees) might be eligible for Child Health Plus A. According to Department officials, they intended to move these enrollees out of Child Health Plus B within one year's time through the new reapplication process. Although the Department has not tracked the actual number of Child Health Plus B enrollees who have been moved to Child Health Plus A as a result of incorrect enrollment, Department officials stated that the new reapplication process has resulted in Child Health Plus B enrollees being moved to Child Health Plus A. According to Department officials, from October 2000 to February 2003, Child Health Plus B enrollment decreased from approximately 530,000 to 425,000. Additionally, Department officials stated they annually audit health insurers' compliance with enrollment rules and regulations to further ensure proper enrollment. Further, as discussed later in this report, the Department has taken additional steps to help ensure proper enrollment by enhancing training efforts and implementing automated monitoring systems to check enrollment eligibility.

Recommendation 2

Enhance training and clarify policies in areas of enrollment that are of particular difficulty, especially in calculating worksheet income.

Status – Implemented

Agency Action – Department officials instituted a program of biannual training for all health insurers and facilitated enrollers in the fall of 2002. The training covers the rules of eligibility determination, hands-on practice in calculating worksheet income, policy changes and advanced topics for which employees would need additional training. The Department also holds regular meetings with its health insurers and facilitated enrollers to discuss program issues and the need for additional training when necessary. In addition, the Department issued a revised Child Health Plus B manual in January 2003. New policies provide additional guidance on enrollment and determining eligibility, including clarification on calculations of worksheet income.

Recommendation 3

Modify the worksheet, where appropriate, to facilitate the correct calculation of income. Implement the use of automated systems to review case information to ensure accurate eligibility determinations are made.

Status – Implemented

Agency Action – The Department has modified the worksheet to facilitate the correct calculation of income. Also, according to Department officials, they will be piloting an automated application, which will include automation of the worksheet calculations to enhance the accuracy of income calculations.

Further, the Department is in the process of revising its Child Health Plus B data system to collect all the information to determine an individual's eligibility for the program prior to enrollment in an insurance plan. The system will also check for duplicate children enrolled in Child Health Plus B and Child Health Plus A at the same time. Department officials anticipate that this system will be operational during the summer of 2003.

Recommendation 4

Strengthen the outreach and marketing process by requiring more detailed marketing plans from health insurers and by coordinating and providing guidance on the marketing and outreach activities of health insurers and facilitated enrollers.

Status – Implemented

Agency Action – The Department issued a new policy on the detail required in marketing plans of health insurers. Marketing plans submitted in December of 2002 were required to contain

the new requirements. The Department indicated that health plans will be required to submit information on the outcomes of their marketing activities to identify the most effective methods. Officials stated that successful strategies are currently shared informally and anecdotally among the Department, health insurers and facilitated enrollers at periodic meetings.

Recommendation 5

Evaluate the effectiveness of the marketing and outreach efforts in reaching targeted groups, especially harder-to-reach under-represented populations.

Status – Partially Implemented

Agency Action – The Department has collected information indicating that television advertisements, radio advertisements and word-of-mouth are the most successful methods of reaching target populations. However, Department officials stated their belief that they cannot fully implement this recommendation because of a limitation in the data needed to identify how well harder-to-reach under-represented populations are being reached. The Department has begun collecting data on the race and ethnicity of children enrolled in Child Health Plus B. However, per federal law, applicants are not required to answer this question on the application. According to Department officials, 68 percent of the Child Health Plus B population in New York either does not answer this question or the data has yet to be collected. Therefore, caution needs to be used in how this information is interpreted. However, for data that has been reported, approximately 70 percent of the enrollees were in minority groups.

The Department also receives quarterly reports from facilitated enrollers and has regular meetings in which information is exchanged concerning how well facilitated enrollers are doing in reaching harder-to-reach groups and groups to which they are increasing outreach.

Major contributors to this report were Ed Durocher and Andrea Inman.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank Department management and staff for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Deirdre A. Taylor