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 UNITED STATES GENERAL ACCOUNTING OFFICE
 REGIONAL OFFICE
 ROOM 1903 JOHN F. KENNEDY FEDERAL BUILDING
 GOVERNMENT CENTER
 BOSTON, MASSACHUSETTS 02203

August 17, 1970



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Mr. Neil P. Fallon, Regional Commissioner
 Social and Rehabilitation Service
 John F. Kennedy Federal Building
 Government Center
 Boston, Massachusetts 02203

AGC 00179

Dear Mr. Fallon:

As you know the Boston Regional Office of the General Accounting Office has made a review of selected aspects of the Medicaid program in Massachusetts. The results of this review are being consolidated with the results of similar reviews conducted in Illinois and California, and a report to Congress is planned.

On June 12, 1970 we sent you a letter report bringing to your attention certain matters which may not be included in our consolidated report but which require corrective action by the State of Massachusetts. Since that time we have determined that there are two other matters which will not be included in our consolidated report, because these conditions were found not to exist in the other two States where the review was performed.

REDETERMINATIONS NOT BEING PERFORMED

HEW regulations require that when an individual has been determined eligible for Medicaid the eligibility will be reconsidered or redetermined periodically but at least once every 12 months. This requirement is also provided for in the Massachusetts State Plan for Medical Assistance. Effective November 22, 1969, the Massachusetts Legislature enacted legislation providing that eligibility will be reconsidered or redetermined at least once every 6 months. For purposes of our review, the 12 month criteria was used.

During our review of 127 Medicaid case files, we found that for 59 cases (about 46 percent), redeterminations had not been made within the required 12 month period. Of the remaining 68 cases, 51 had been open less than 12 months, and therefore were not required to be redetermined, and 17 had been redetermined in accordance with the 12 month requirement.

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The length of time which had lapsed without redeterminations being made for the 59 cases is set forth below:

<u>District</u>	<u>Number of Cases Not Redetermined Within The Indicated Number of Months</u>				<u>Totals</u>
	<u>13 & 14</u>	<u>15-18</u>	<u>19-24</u>	<u>Over 24</u>	
1	1	2	6	2	11
2	-0-	1	1	-0-	2
3	2	2	2	1	7
4	3	3	7	2	15
5	3	3	9	9	24
Totals	<u>9</u>	<u>11</u>	<u>25</u>	<u>14</u>	<u>59</u>

During discussions with officials at each of the welfare service offices and their sub-offices, we were informed that because of a lack of staffing, redeterminations are not being done on a periodic basis, but are being done as changes in the Medicaid recipients' circumstances become known to welfare service office personnel.

Thus, in those cases which have not been redetermined, there is no assurance that these recipients continue to be eligible for Medicaid or whether their excess incomes should have been revised.

PARTIAL COMPLIANCE IN REDUCING THE
ALLOWANCE FOR WORK RELATED EXPENSES

In a message to the Legislature dated March 27, 1969, the Governor of Massachusetts stated that he had directed the Commissioner of Public Welfare, in determining the financial eligibility of employed Medicaid applicants, to (1) change the \$65 per month exemption from gross income for work related expenses to \$11 per month, and (2) eliminate the allowance for actual employment and transportation expenses which averaged an additional \$65 a month. This order was effective February 18, 1969.

The Department of Public Welfare, in Administrators Letter 166D dated February 14, 1969, notified the welfare service offices to reduce the allowance of \$65 per month for work related expenses (additional food, clothing and personal care) to \$11 a month and to eliminate the allowance for employment and transportation expenses in computing the excess incomes of employed Medicaid applicants.

In our random sample of 100 Medicaid cases there were 52 employed applicants to whom the new criteria for work related expenses and employment and transportation expenses applied. For 31 cases appropriate revisions were made in determining the applicants excess income; in 21 cases, however, revisions were not made in accordance with the new criteria and the excess incomes in these cases were therefore not increased as required. The total increase in excess income should have been \$2,073 or an average of about \$100 a month each. This is summarized below:

<u>District Office</u>	<u>Cases which should have been changed</u>	<u>Amount of changes which should have been made</u>
1	4	\$ 281
2	1	135
3	3	229
4	5	505
5	<u>8</u>	<u>923</u>
Totals	<u>21</u>	<u>\$2,073</u>

Because the changes directed by the Governor were not made, we estimate that the excess incomes of recipients in the Boston Region are understated by a total of about \$58,000 a month.

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We would appreciate being advised of any action taken by you and the Department of Public Welfare regarding these matters within 30 days from the date of this letter. Our review and the above estimates relate only to the Boston Region; however, we would appreciate being advised of any action taken to determine if these findings exist outside of Boston, and any corrective action to be or already taken to prevent their occurrence.

We would also appreciate being advised as to the status of your reply to our letter report of June 12, 1970.

Copies of this report may be furnished to the Department of Public Welfare. A copy of this report is also being furnished to Assistant Secretary, Comptroller, and other appropriate officials.

If we can be of any assistance, please let us know.

Sincerely yours,

Joseph Eder

Joseph Eder
Regional Manager