



TOBY DOUGLAS  
*Director*

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
*Governor*

April 22, 2011

TO: All County Welfare Directors Letter No.: 11-19  
All County Administrative Officers  
All County Medi-Cal Program Specialists/Liaisons  
All County Health Executives  
All County Mental Health Directors  
All County MEDS Liaisons

SUBJECT: MEDI-CAL ELIGIBILITY QUALITY CONTROL AND FOCUSED REVIEW  
CORRECTIVE ACTION PLAN

The purpose of the All County Welfare Directors' Letter (ACWDL) is to inform counties of the requirement to complete a Corrective Action Plan (CAP) when Medi-Cal Eligibility Quality Control (MEQC) or Focused Review (FR) results are less than expected standards (i.e., error rates of less than ten percent).

## **BACKGROUND**

The Department of Health Care Services (DHCS) continues to operate the federally mandated MEQC program under the Geographic Sampling Plan Pilot Project (GSP) approved by the Centers for Medicare & Medicaid Services (CMS) in 1999. DHCS annually requests CMS approval of the GSP, which eliminates federal sanctions based upon MEQC review results. Devoid of the GSP, DHCS is obligated to conduct MEQC reviews under traditional guidelines, which impose federal sanctions for erroneous MEQC payments in excess of the three percent federal tolerance dollar error rate including Share of Cost errors of five dollars or more.

CMS does not ensure automatic annual approval of the GSP. To encourage continued GSP approval DHCS expects counties to maintain individual county MEQC and FR error rates of less than ten percent.

## **DETERMINATION**

The MEQC Base Period Summary Report by County and results of each FR conducted during that base period are transmitted to CMS on a semi-annual basis by the Program Review Section (PRS). When the MEQC or FR error rates are ten percent or more, DHCS may require a written CAP for that county. The determination that a CAP is required will be made upon completion of the MEQC process, which includes an opportunity for counties to appeal initial error findings by PRS.

## **PROCESS**

When a CAP is required because of MEQC or FR results are less than the expected standards, PRS will contact the county with specific reasons, expectations, timeframes, and follow-up activities for the CAP. PRS staff will be available for consultation, if needed. PRS has developed a format for counties to use when creating a CAP (see enclosure) to respond to specific issues identified through MEQC or FR.

Counties will develop a written document, identifying the elements needed for a formal plan, to correct all identified problems and issues identified by the MEQC or FR findings. The county is required to forward the CAP to the regional PRS unit chief within sixty (60) days of notification.

PRS will review the submitted CAP to determine if the county plan meets the criteria needed for improvement identified in the MEQC or FR. When the CAP has been approved by PRS, PRS will notify the county by email or letter that the CAP has been received and confirm the timeframes and benchmarks in the CAP.

PRS will contact the designated county staff to schedule a follow-up review to evaluate the effectiveness of the county's CAP subsequent to the county's implementation of the remedial actions outlined in the CAP.

DHCS recognizes that recent budget cuts may make it more difficult for counties to reprioritize staffing and other resources toward CAP activities. If a county believes it is necessary to include a discussion of resource and/or staffing limitations in its CAP, including the need for additional resources and prioritization of existing resources, the county must first contact the Division Office of the DHCS Medi-Cal Eligibility Division (Rene Mollow and/or Robert Sugawara at 916-552-9430) to schedule a meeting to discuss prioritization of activities under the CAP.

## **COUNTY COMPLIANCE**

PRS will notify the county when it is determined the county has complied with the CAP and the MEQC or FR results are in compliance with the error rate standard of less than ten percent. When the county has not met the requirements of the CAP per agreed timeframes, and MEQC and FR accuracy results continue below expected standards, PRS will refer the documentation to departmental authorities for consideration of additional remedial or corrective actions.

The State of California and the counties are united in the interest of determining eligibility on an accurate and timely basis. These efforts are demonstrated by consistently superior MEQC and FR error rates. When error rates are not consistent with expectations, it is essential that remedial efforts are appropriately documented, monitored, and carried out as indicated by the county. It is expected that cooperative CAP efforts will demonstrate and enhance these efforts.

If you have any questions regarding this correspondence please contact Mr. Mack Guynn, Acting Chief, Program Review Section at (916) 552-9442 or by e-mail at [mack.guynn@dhcs.ca.gov](mailto:mack.guynn@dhcs.ca.gov).

Original signed by:

René Mollow, MSN, RN, Chief  
Medi-Cal Eligibility Division

Enclosure

**California Department of Health Care Service, Medi-Cal Eligibility Division,  
Program Review Section (PRS)  
CORRECTIVE ACTION PLAN FORMAT GUIDELINES**

The county shall submit the CAP within 60 days of notification by PRS that a CAP is required. The implementation date should be no later than 60 days after the CAP submittal date. PRS will review the CAP and advise the county of approval prior to the planned implementation date. Completion of the Corrective Action Plan (CAP) form must include the following:

- I. **County Name**  
Name of County
  
- II. **Review Type**  
Specify Medi-Cal Eligibility Quality Control (MEQC) or the Medi-Cal Focused Review (FR) type
  
- III. **Review Period**  
Specify the MEQC six month base period or the sample month of the FR
  
- IV. **Trends Identified**  
List each trend identified either through the MEQC reviews or the FR as follows:
  - A. The identified specific trend
  
  - B. Medi-Cal regulations and/or All County Welfare Directors' Letters that pertain to the identified trend
  
- V. **Plan of Action**  
The CAP must address each identified trend, the proposed corrective action, and include the following details:
  - A. The title or position of the county staff person responsible for the CAP
  
  - B. Describe the county corrective action plan to achieve the required MEQC or FR standards
  
  - C. Provide detail on how the proposed corrective action will resolve the identified trend
  
  - D. Description of the monitoring process to prevent a recurrence of the identified trend (i.e., training plans, worker bulletins, supervisory monitoring of worker compliance, etc.)
  
  - E. For each corrective action, provide a projected completion date

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**VI. Attachments**

As appropriate, include documentation to support the efficacy of the CAP implementation. Documentation can include the following:

- A. Training plans
- B. Worker memos
- C. Statistical data