



Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

Official Audit Report – Issued June 13, 2017

---

## Catastrophic Illness in Children Relief Fund

For the period July 1, 2012 through June 30, 2015





Commonwealth of Massachusetts  
Office of the State Auditor  
Suzanne M. Bump

*Making government work better*

June 13, 2017

Monica Bharel, MD, MPH, Commissioner  
Department of Public Health  
250 Washington Street, Second Floor  
Boston, MA 02108-4619

Dear Commissioner Bharel:

I am pleased to provide this performance audit of the Catastrophic Illness in Children Relief Fund. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2012 through June 30, 2015. My audit staff discussed the contents of this report with the staff involved with the administration of this fund, whose comments are reflected in this report.

I would also like to express my appreciation to the Department of Public Health (particularly its Division for Children and Youth with Special Health Needs) for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular watermark.

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Debra Taylor, Director, Catastrophic Illness in Children Relief Fund  
Nicole Roos, Secretary/Treasurer, Catastrophic Illness in Children Relief Fund  
Marie-Lise Sobande, Interim Director, Department of Unemployment Assistance

---

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>OVERVIEW OF AUDITED ENTITY .....</b>	<b>3</b>
<b>AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY .....</b>	<b>7</b>
<b>DETAILED AUDIT FINDINGS WITH AUDITEE’S RESPONSE.....</b>	<b>11</b>
<b>1. The Catastrophic Illness in Children Relief Fund did not use a sliding fee scale for \$2.2 million in reimbursements. ....</b>	<b>11</b>
<b>2. CICRF did not begin processing applications in a timely manner. ....</b>	<b>12</b>
<b>3. CICRF did not pursue federal matching funds for \$60,643 of qualified medical services. ....</b>	<b>19</b>
<b>4. CICRF reimbursed families \$18,800 without required information.....</b>	<b>21</b>
<b>5. CICRF did not file required annual reports. ....</b>	<b>24</b>
<b>6. CICRF provided reimbursements without following its established policies.....</b>	<b>25</b>

---

## LIST OF ABBREVIATIONS

CICRF	Catastrophic Illness in Children Relief Fund
DHCFP	Division of Health Care Finance and Policy
DMA	Division of Medical Assistance
DPH	Department of Public Health
DUA	Department of Unemployment Assistance
HSN	Health Safety Net
ISA	Interdepartmental Service Agreement
MMARS	Massachusetts Management Accounting and Reporting System
OSA	Office of the State Auditor

---

## EXECUTIVE SUMMARY

The Catastrophic Illness in Children Relief Fund (CICRF) was established within the Department of Public Health (DPH) under Section 2ZZ of Chapter 29 of the Massachusetts General Laws. CICRF's mission is to provide financial assistance to families with non-covered medical expenses related to their children's catastrophic illnesses.

In accordance with Section 12 of Chapter 11 of the General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of CICRF for the period July 1, 2012 through June 30, 2015. The objective of this audit was to determine whether CICRF met the needs of families that applied for financial assistance, whether it disbursed funds only to eligible applicants and only for qualified medical expenses, and whether it sought federal matching funds (also called federal financial participation) in accordance with state regulations for all eligible medical expenses.

This audit was conducted as part of OSA's ongoing efforts to audit state agencies and promote the accountability, transparency, and cost-effectiveness of state programs. CICRF is one of the entities that OSA is required to audit to meet its legislative mandate to audit all departments, offices, commissions, institutions, and activities of the Commonwealth at least once every three years.

Below is a summary of our findings and recommendations, with links to each page listed.

<b>Finding 1</b> <b>Page <a href="#">11</a></b>	CICRF did not use a sliding fee scale for \$2.2 million in reimbursements.
<b>Recommendation</b> <b>Page <a href="#">12</a></b>	CICRF should develop a sliding fee scale, applicable to all expense categories, that gives consideration to family income, size, and assets.
<b>Finding 2</b> <b>Page <a href="#">12</a></b>	CICRF did not begin processing applications in a timely manner.
<b>Recommendation</b> <b>Page <a href="#">15</a></b>	CICRF should perform a staffing and workflow analysis to establish strategies to mitigate the delays it is experiencing and should work toward creating attainable, time-based goals for processing applications to reduce the time that applications remain unassigned and idle.
<b>Finding 3</b> <b>Page <a href="#">19</a></b>	CICRF did not pursue federal matching funds for \$60,643 of qualified medical services.
<b>Recommendation</b> <b>Page <a href="#">21</a></b>	DPH should review all of CICRF's reimbursements to determine whether any qualify for federal matching funds and coordinate with the state's Division of Medical Assistance to ensure that federal matching funds are sought for all eligible expenditures.

---

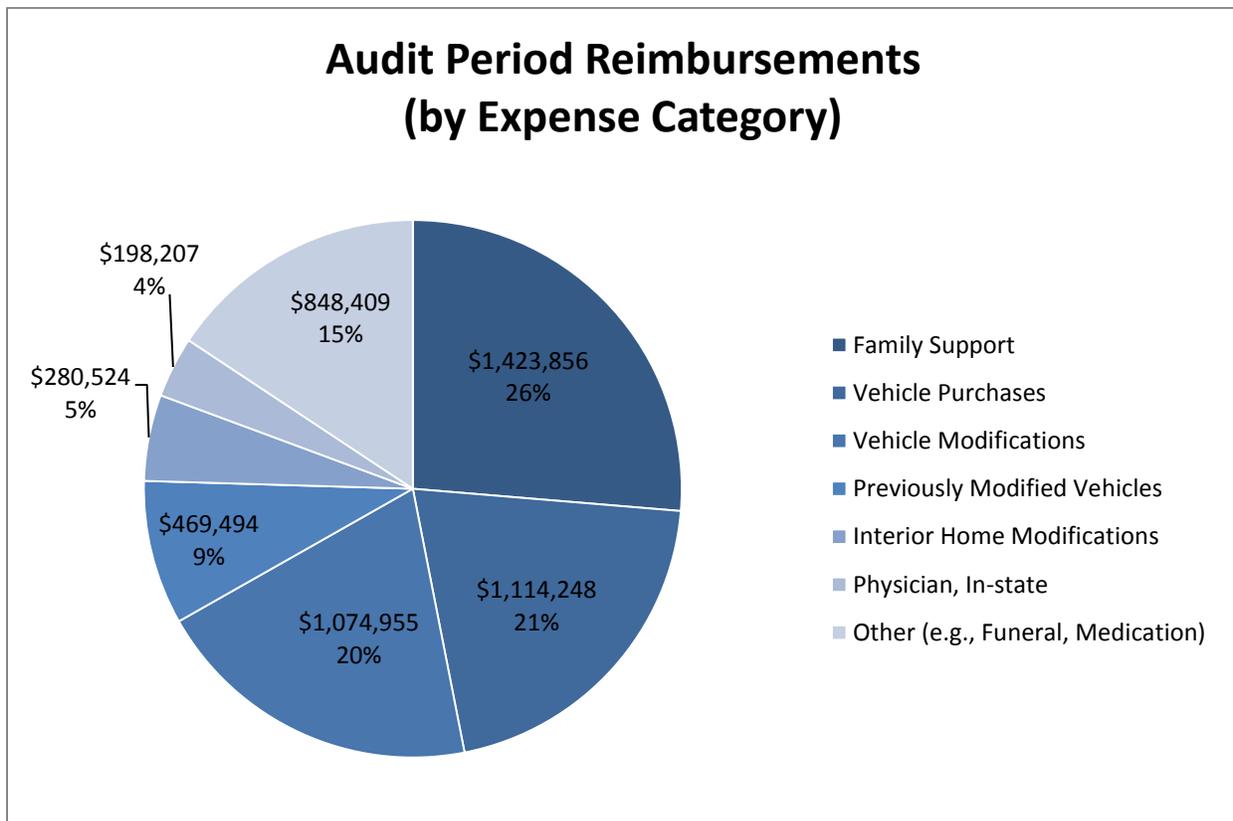
<b>Finding 4</b> <b>Page <u>21</u></b>	CICRF reimbursed families \$18,800 without required information.
<b>Recommendations</b> <b>Page <u>22</u></b>	<ol style="list-style-type: none"><li>1. CICRF should amend its policy to reflect the process it wants its staff members to follow to determine eligibility as reflected in its procedure manual and application checklist. The policy should require that supporting documentation, including physician letters and vehicle certificates of registration, be obtained.</li><li>2. CICRF should ensure that required information is obtained and properly evaluated before it provides any reimbursements to applicants and should retain all records in applicants' files.</li></ol>
<b>Finding 5</b> <b>Page <u>24</u></b>	CICRF did not file required annual reports.
<b>Recommendation</b> <b>Page <u>25</u></b>	CICRF should file its required annual report.
<b>Finding 6</b> <b>Page <u>25</u></b>	CICRF provided reimbursements without following its established policies.
<b>Recommendation</b> <b>Page <u>27</u></b>	If CICRF wants to create more than one 12- or 24-month eligibility period per application to address the backlog of unprocessed applications, it should amend its policies to reflect this change and establish under what circumstances eligibility periods will be extended and for how long. If it chooses to do this, it should also take appropriate measures to ensure applicants' continued eligibility before providing any additional reimbursements.

## OVERVIEW OF AUDITED ENTITY

The Catastrophic Illness in Children Relief Fund (CICRF) is operated as a reimbursement program that helps families pay for non-covered medical expenses related to their children’s catastrophic illnesses. CICRF reimburses families for medical expenses that health insurers do not cover or for which they have denied payment.

CICRF is managed by the Department of Public Health’s (DPH’s) Division for Children and Youth with Special Health Needs. Oversight and guidance are provided by an 11-member commission consisting of commissioners from DPH, the Division of Insurance, and the Office of the State Treasurer; the Secretary of Health and Human Services; and 7 members recommended by the Attorney General and the Governor, all of whom are appointed by the Governor. CICRF’s daily operations are managed by a treasurer and director who are selected by DPH.

During the audit period, CICRF reimbursed 500 families a total of \$5,409,693 for medical expenses categorized as follows:



## Applicant Eligibility

There are several conditions applicants are required to meet to qualify for reimbursements from CICRF. First, an applicant must live in Massachusetts,<sup>1</sup> with the intent of remaining indefinitely. Second, the applicant's child must have been under the age of 22 when the medical services for which reimbursement is requested were provided. Third, the child must be under the care of a licensed healthcare provider who currently provides pediatric or neonatal services and who also has staff privileges at hospitals specifically designated to provide these services. Finally, according to CICRF's website,

*The family's out-of-pocket expenses related to their child's illness, accident or disability must be more than 10% of the family's yearly income from all sources up to \$100,000, plus 15% of any portion of the family income that is above \$100,000, **in a given 12-month period.***

In rare cases of medical emergencies, CICRF may approve reimbursements before medical expenses are incurred. The commission has the final say on decisions about reimbursements from CICRF.

## Application Process

Families can apply for assistance once per year. They apply to CICRF by completing a paper application, which is time-stamped by CICRF with the date of receipt, called the application/reapplication date.<sup>2</sup> At this time, CICRF also enters the information from the application—including demographics, family size and income, diagnoses and medical history, insurance, and expenses claimed—in the CICRF database. It also sends a letter to the family acknowledging receipt of the application.

Next, CICRF management assigns the application to a staff member who begins reviewing and processing the application. This date is referred to as the application open date.<sup>3</sup>

At this time, CICRF mails a second letter to the family requesting supporting documentation as necessary for all reported incomes and non-covered medical expenses.

- 
1. There is no minimum time an applicant must have been a resident before applying for reimbursement.
  2. This date definition for the application/reapplication date is defined by CICRF management in the data field descriptions provided with the data from its Access database.
  3. This date definition for the application open date is defined by CICRF management in the data field descriptions provided with the data from its Access database.

Typically, CICRF processes applications in the order in which they are received, except for urgent cases.<sup>4</sup> CICRF reviews all the information in an application and determines all the applicant's sources of income and whether the claimed expenses qualify for reimbursement. CICRF works with families and other agencies as it processes an application to make a final determination of applicant eligibility and amounts eligible for reimbursement. CICRF staff members also work with the family to determine the eligibility period, which can consist of either one or two 12-month periods. At this time, using the supporting expense documentation, CICRF staff members determine the application eligibility period, defined by eligibility start and end dates. Staff members work with the applicant's family to find the eligibility period that will award the family the greatest reimbursement from the fund.

CICRF's secretary/treasurer reviews all payment requests for required documentation, accuracy of income and expense calculations, and adherence to CICRF's policies and procedures. Once the application is complete and CICRF has all required supporting documentation, the application is approved by either the director or the commission.<sup>5</sup> Once an application is approved (the date this happens is called the approval date), the CICRF secretary/treasurer and the applicant family sign a Memorandum of Understanding, and CICRF processes reimbursements through the state's Massachusetts Management Accounting and Reporting System.

CICRF's Eligibility Determination Policy requires CICRF to verify each applicant's income and expenses with supporting documentation that is maintained in hardcopy form in the applicant's case file, including the following:

- tax returns, W-2s, earning statements, employer letters, and Social Security benefit letters
- documentation supporting inpatient and outpatient services, such as medical bills
- the patient's medical history
- medical-treatment-related invoices for home modifications, pharmaceutical services, and durable medical equipment
- information on medical insurance coverage, including primary and secondary insurance
- a physician's letter testifying to the child's illness

---

4. For example, a case would be considered urgent if funds were necessary to pay for a funeral.

5. The commission does not approve all reimbursements—only those that the CICRF procedure manual requires to be approved by the commission and those that require special consideration (e.g., cases when the applicant or the expenditure does not technically meet all the requirements).

- for vehicles purchased, the certificate of registration, bill of sale, loan documents, invoices, and pictures of modifications to the vehicle, as applicable

## CICRF Funding

Section 9 of Chapter 111K of the Massachusetts General Laws requires the Department of Unemployment Assistance (DUA) to provide CICRF with \$1 annually for each employed person whose wages are reported to DUA by employers (who provide the information as part of their reporting of contributions due the state's medical assistance program). DUA makes these contributions from the quarterly state unemployment tax it collects from employers.

Because of the 2009 economic downturn and demand on DUA to provide health benefits for the unemployed, Section 14G of Chapter 151A of the General Laws<sup>6</sup> was enacted to relieve DUA of its prior funding obligations from October 2010 through September 2013, so that the department could meet its obligations for health benefits for unemployed people. CICRF had considerable funds reserved and was able to continue operating without assistance from DUA during fiscal years 2010 and 2011. However, beginning in fiscal year 2012, CICRF's reserve funds were nearly depleted. In an effort to continue funding CICRF, the Legislature added language to the budgets for fiscal years 2012 and 2013 requiring the Division of Health Care Finance and Policy (DHCFP)<sup>7</sup> to allocate \$2 million<sup>8</sup> and \$2.4 million,<sup>9</sup> respectively, to DPH for use by CICRF. The \$4.4 million was made available using funds from the Health Safety Net (HSN) Trust Fund.<sup>10</sup> As a result, for the 2012 and 2013 fiscal years, DHCFP entered into two Interdepartmental Service Agreements (ISAs)<sup>11</sup> with DPH for CICRF to use a total of \$4.4 million in funds so that it would not have to cease operations.<sup>12</sup> The funds were made available from October 1, 2011 through September 30, 2013. In accordance with the ISA, any unexpended funds remaining at the end of the ISA term on September 30, 2013 reverted to the HSN Trust Fund. Funding from DUA to CICRF resumed in 2014.

---

6. This law was repealed in 2013 (via Section 111 of Chapter 38 of the Acts of 2013).

7. DHCFP was replaced by Health Care Finance in 2012.

8. These funds were allocated in accordance with Chapter 68 of the Acts of 2011.

9. These funds were allocated in accordance with Chapter 139 of the Acts of 2013.

10. This information is according to the 2013 Health Safety Net annual report.

11. According to the Office of the State Comptroller's Interdepartmental Service Agreements Policy, an ISA is "the 'Contract' that documents the business agreement (joint venture) between two state departments within any branch of state government."

12. On November 5, 2012, the fiscal year 2013 ISA was amended to transfer the ISA relationship from Health Care Finance to the Executive Office of Health and Human Services in accordance with Chapter 224 of the Acts of 2012. These ISAs together will be referred to in this report as "the ISA."

---

## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Catastrophic Illness in Children Relief Fund (CICRF) for the period July 1, 2012 through June 30, 2015. We also obtained data for fiscal years 2010 through 2012 to identify trends in the processing time of applications.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer, the conclusion we reached regarding each objective, and where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did CICRF meet the needs of people who applied for financial assistance for non-covered medical expenses?	<b>Partially; see Finding <u>2</u></b>
2. Did CICRF disburse funds to eligible applicants for qualified non-covered medical expenses?	<b>No; see Findings <u>1</u>, <u>4</u>, <u>5</u>, and <u>6</u></b>
3. Did CICRF seek federal matching funds in accordance with state regulations for all eligible medical expenses?	<b>No; see Finding <u>3</u></b>

To achieve our objectives, we reviewed applicable state laws and regulations and other authoritative guidance, including CICRF's procedures for determining eligibility, processing expenses, and entering case-file information in its database. In addition, we met with CICRF and Department of Public Health officials to discuss CICRF's mission and its application process. We also reviewed CICRF's annual reports to the Legislature for the audit period; the federal poverty guidelines; and Massachusetts state and federal Supplemental Security Income Program payment charts to determine family income from the state's Supplemental Security Income Program for blind and/or disabled children.

Any financial data related to CICRF that we obtained from the Massachusetts Management Accounting and Reporting System (MMARS) constitute the official accounting records of the Commonwealth and are widely accepted as accurate. Based on our most recent data-reliability assessment of MMARS, dated April 8, 2014,<sup>13</sup> and our current comparison of source documentation with MMARS information, we determined that the information obtained from MMARS for our audit was sufficiently reliable for the purposes of our audit work. Additionally, we compared payments to families recorded in MMARS to those recorded in CICRF's database. Based on this comparison, we concluded that the MMARS data used were sufficiently reliable for the purposes of our audit.

To achieve our objectives, we gained an understanding of, and tested, relevant internal controls over CICRF's application and reimbursement process and determined these controls to be properly designed and operating effectively.

We identified other states with similar programs, including New Jersey, Alaska, West Virginia, Idaho, Virginia, and New Mexico. We contacted the programs in these states to discuss their programs and how they operate, including application processing times.

We selected a random, nonstatistical sample of 30 out of the 500 family cases that resulted in payments during the audit period. For each sampled case, we determined whether (1) appropriate and sufficient documents were obtained to determine family income; (2) non-covered medical expenses qualified for reimbursement and were more than 10% of the family's gross annual income up to \$100,000 or 15% of its gross annual income above \$100,000; and (3) copies of registration certificates and vehicle pictures were included in applicant files for vehicles and vehicle modifications. As part of this review, we examined other documents in the case files, including applications, signed Memorandums of Understanding, and medical record documentation. Because the sample was nonstatistical, we did not extrapolate any errors found to the population.

We researched Section 10 of Chapter 111K of the General Laws, which requires CICRF to obtain federal matching funds for reimbursed medical expenses. Additionally, for all applicants insured by MassHealth, we performed detailed reviews of the types of medical expenses CICRF reimbursed. We used the following criteria to determine whether these medical expenses were eligible for federal matching funds:

---

13. As part of this assessment, we tested general information-technology controls for system design and effectiveness. We tested for accessibility of programs and data, as well as system change management policies and procedures for applications, configurations, jobs, and infrastructure.

---

MassHealth's regulations for covered durable medical equipment<sup>14</sup> and coverage types;<sup>15</sup> MassHealth's online approved drug list; and Section 1905 of the Social Security Act, which lists medical services that are eligible for matching funds.

For our sample of 30 cases, we analyzed the length of the application process from date received to date opened, and from date opened to date approved. Additionally, we obtained data for all applications processed in fiscal years 2010 through 2015 and performed a similar analysis on the entire population to review for trends. Using this information, we calculated simple overall averages for processing times.

We calculated all reimbursements to families that reported zero income on their applications; determined the number of applicants that were denied assistance because they did not meet CICRF's income-eligibility requirements; and identified applicants that received reimbursements of more than 75% of their annual income.

We reviewed Section 5(d) of Chapter 111K of the General Laws, which requires reimbursement amounts for medical expenses to be based on "a sliding fee scale based on a family's ability to pay for medical expenses, which takes into account family size, family income and assets and family medical expenses." We identified all reimbursements made without consideration of this scale during the audit period. In addition, we reviewed all cases involving reimbursements for vehicle purchases and modifications, home modifications, family support, or funeral expenses. We tested each case to determine whether CICRF's reimbursements exceeded its maximum allowed amounts for these items.

To gain an understanding of the funding that CICRF receives from the Department of Unemployment Assistance (DUA), we reviewed state regulations, letters and emails between DUA's director and CICRF's secretary/treasurer, fund transfers in MMARS, and Interdepartmental Service Agreements for state appropriations for years when DUA's funding ceased (2010 through 2013). Additionally, we met with DUA officials to gain an understanding of how the number of employed people in the Commonwealth is calculated<sup>16</sup> and used to determine quarterly amounts to be transferred to CICRF.

---

14. These regulations are established in Section 22.00 of Title 114.3 of the Code of Massachusetts Regulations.

15. These regulations are established in Section 450.105 of Title 130 of the Code of Massachusetts Regulations.

16. Since 2014, DUA has estimated the number of employed people in the Commonwealth using first-quarter employer unemployment contributions that employers report on their taxes. Previously, this figure was calculated each quarter, representing the actual number of employed persons for each year.

We performed the following procedures on the data received from CICRF's database: (1) tracing a random sample of payment information to information stored in the Commonwealth Information Warehouse,<sup>17</sup> (2) reviewing data for missing records or data fields, (3) performing validity checks on the data, and (4) tracing key information from a random sample of 25 of the 500 cases provided to us in an extract to the physical case files and views of CICRF's Access database for accuracy and completeness. There were a few errors related to incorrect dates and missing fields. However, overall, we determined that we could rely on the data in CICRF's database for the purposes of our audit.

---

17. The Commonwealth Information Warehouse contains budget, human-resource, and payroll information as well as financial-transaction data from MMARS.

## DETAILED AUDIT FINDINGS WITH AUDITEE’S RESPONSE

### 1. The Catastrophic Illness in Children Relief Fund did not use a sliding fee scale for \$2.2 million in reimbursements.

The Catastrophic Illness in Children Relief Fund (CICRF) did not award reimbursements to families based on a sliding fee scale. As a result, there is inadequate assurance that all reimbursement amounts were accurate (i.e., that they would have been the same if a sliding fee scale had been used).

Although CICRF did use a modified<sup>18</sup> sliding fee scale for certain expense categories (including vehicle purchases,<sup>19</sup> vehicle modifications, interior and exterior home modifications, and funeral expenses), it did not use a sliding fee scale for reimbursements for other expense categories, such as family support expenses and medication expenses. Instead, for these categories, CICRF reimbursed eligible families 100% of their out-of-pocket expenses without establishing a sliding fee scale based on family size, income, and/or assets. In total, CICRF reimbursed families \$2,241,029 without using a sliding fee scale during the audit period. This amount was 41% of CICRF’s total reimbursements from this period. The table below details the questionable reimbursements by expense category.

Expense Category	Reimbursement Amount	Percentage of Questionable Reimbursements
<b>Family Support</b>	\$1,423,856	64%
<b>Physician, In State</b>	198,207	9%
<b>Medication</b>	100,145	4%
<b>Hospital, In State</b>	86,429	4%
<b>Mobility Aids</b>	67,346	3%
<b>Home Healthcare</b>	65,620	3%
<b>Health Enabling Services/Equipment</b>	64,927	3%
<b>All Other Categories</b>	234,499	10%
<b>Total</b>	<u>\$2,241,029</u>	<u>100%</u>

18. CICRF considered family size and income, but not family assets.

19. This includes purchases of previously modified vehicles.

---

## Authoritative Guidance

CICRF's enabling legislation, Section 5(d) of Chapter 111K of the Massachusetts General Laws, requires CICRF to do the following:

*Establish the amount of reimbursement for the medical expenses of each child using a sliding fee scale based on a family's ability to pay for medical expenses, which takes into account family size, family income and assets and family medical expenses.*

## Reasons for Noncompliance

CICRF officials stated that they were not aware of the requirement of a sliding fee scale for all reimbursements.

## Recommendation

CICRF should develop a sliding fee scale, applicable to all expense categories, that gives consideration to family income, size, and assets.

## Auditee's Response

*CICRF acknowledges that it did not use a sliding fee scale for all reimbursements. CICRF was unaware of the sliding scale requirement, as it had never been implemented. CICRF will develop a sliding fee scale, applicable to all expense categories, that gives consideration to family income, size, and assets, to be in compliance with the law. Development of a sliding scale has been discussed by the CICRF Commission and the sliding scale policy will be brought to a vote at the next Commission meeting.*

## 2. CICRF did not begin processing applications in a timely manner.

CICRF did not process application requests for financial assistance in a timely manner. This might have caused financial hardship for families seeking reimbursement. Our sample test of 30 case files (consisting

Overall, CICRF took an average of 289 days, or about 10 months, to process financial-assistance applications from our sample from the date they were received to the date they were approved.

of 38 applications<sup>20</sup>) out of 500 showed that these cases were idle for an average of 158 days before CICRF assigned the applications to staff members to begin reviewing and processing. Once applications were assigned, CICRF required an average of 131 days to approve them for payment.

---

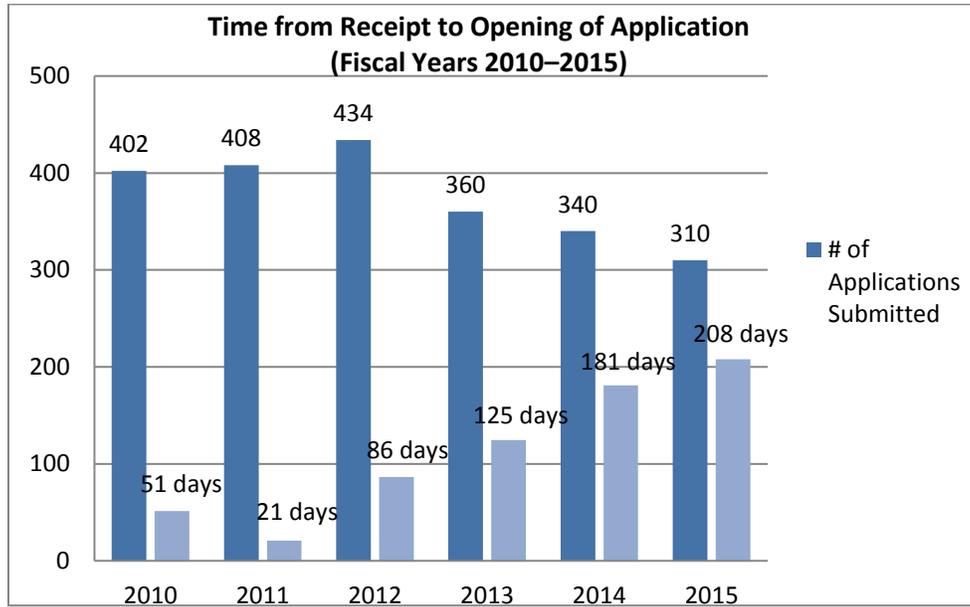
20. Some family case files consisted of more than one application.

As noted earlier in this report, the Interdepartmental Service Agreement (ISA) allocated \$4.4 million from the Health Safety Net (HSN) Trust Fund to CICRF so that it could continue reimbursing families for non-covered medical expenses. Once CICRF's officials and its commission approved reimbursements for families, the families were paid out of the HSN Trust Fund, rather than CICRF's own fund, since the latter had been depleted and could not be replenished by the Department of Unemployment Assistance. According to the ISA, any unexpended funds would revert to the trust fund. Because of the delays in processing applications, CICRF was only able to use approximately \$3.8 million of this funding. Had CICRF administered its application process more efficiently, it might have been able to use the remaining \$600,000 to help more families in need.

Our data analysis of all applications from fiscal year 2010 through fiscal year 2015<sup>21</sup> confirmed the delays from our sample. Specifically, the greatest delays occurred between the time an application was received and the time the initial review and processing began. This time increased steadily from a low average of 21 days for 2011 to a high average of 208 days for 2015. In our analysis, we took into account the volume of applications received by CICRF during this time and found that the volume of applications received was decreasing and probably was not a factor in the increase in time it took CICRF to assign applications to staff members to begin reviewing and processing. In fact, the number of applications received decreased from a high of 434 applications in 2012 to a low of 310 in 2015. The graph below illustrates the inverse relationship between the number of applications received and the number of days it took to assign an application to a staff member to review and process during this period.

---

21. We obtained additional data for fiscal years 2010 through 2012 to identify trends in the processing time of applications.



Once CICRF assigned an application and began working on it, its processing time was in line with those of similar programs managed by other states. Specifically, CICRF required, on average, only three months to finish processing an application. This means that if CICRF assigns applications sooner, its overall processing time could be significantly reduced.

The six states we contacted averaged between 1 and 11 months to process applications fully (from receipt of application to final conclusion), as detailed in the table below. A three-month processing time would be more in line with these states’ programs.

Name of Fund/Program	Processing Time	Type of Fund
<b>Alaska: Chronic and Acute Medical Assistance Program</b>	1 month	Reimburses medical-care providers for the cost of services provided for residents with certain chronic conditions
<b>Virginia: Uninsured Medical Catastrophe Fund</b>	1.5 months	Provides funds for uninsured people who need treatment for life-threatening illnesses or injuries
<b>West Virginia: James “Tiger” Morton Catastrophic Illness Fund</b>	2 months	Acts as a payer of last resort (payer when all other sources of funding are exhausted) for those in dire need of medical assistance
<b>Idaho: Catastrophic Health Care Cost Program</b>	3 months	Helps residents pay hospital and medical bills in limited situations
<b>New Jersey: Catastrophic Illness in Children Relief Fund</b>	8–11 months	Acts as a payer of last resort

---

Name of Fund/Program	Processing Time	Type of Fund
New Mexico: Indigent Catastrophic Illness Hospital Fund	8–11 months	Pays part of large hospital bills incurred by patients who cannot afford to pay

---

## Best Practices

According to its webpage, CICRF’s purpose is as follows:

*[CICRF] helps families bear the excessive financial burdens associated with the care of children with special health care needs and disabilities. CICRF is a payor of last resort. It provides financial assistance for Massachusetts families with children experiencing a medical condition requiring services that are not covered by a private insurer, federal or state assistance, or any other financial source.*

Many families applying for financial assistance have incomes near or below the federal poverty level.<sup>22</sup> Therefore, they need timely reimbursements in order to maintain or restore their financial stability. If CICRF does not assign applications for review and processing in a timely manner, it prolongs these families’ financial hardship, which is contrary to its purpose.

## Reasons for Delays

CICRF’s director acknowledged that a backlog existed during the audit period and asserted that this was because of fluctuation in staffing levels, the time it takes to fill vacancies, and the time it takes to train new staff members to process applications.

CICRF informed the Office of the State Auditor (OSA) that although management closely monitors individual staff caseloads, it has not yet developed formal performance standards for its staff, including establishing attainable, time-based goals for the time it takes to begin processing applications from the dates of their receipt and to review and process applications.

## Recommendation

CICRF should perform a staffing and workflow analysis to establish strategies to mitigate the delays it is experiencing and should work toward creating attainable, time-based goals for processing applications to reduce the time that applications remain unassigned and idle.

---

22. Federal poverty guidelines change annually. The poverty level was \$24,300 for a family of four in 2015; this was the highest level during our audit period.

---

## Auditee's Response

*CICRF staff agrees that the backlog in applications is of great concern. It is the CICRF's objective to provide assistance to families in a timely manner while doing its due diligence to adhere to all policies and procedures. CICRF has been continuously working to reduce the delay in processing applications, including review of workflow, productivity, and procedures and policies, to identify ways to expedite the process.*

CICRF also discussed its use of the HSN Trust Fund to reimburse families in fiscal years 2012 and 2013:

*DPH/CICRF does not administer the Health Safety Net fund and therefore does not control the fund utilization. Therefore, the conclusion that the inefficient processing of applications resulted in lost utilization is not accurate. . . .*

*Comparing the number of applications received and the length of time from receipt to opening of applications is not, we believe, a useful comparison since, in addition to not taking into consideration fluctuations in staffing, it does not take into consideration the applications waiting to be reviewed and in process of being reviewed at the start of each year. . . .*

*Determining income eligibility and verifying qualified expenses **does** contribute to the backlog. If it were less time consuming and easier to get required income information and medical and expense documentation, it would take less time to review an application. If it took less time to review an application, then unopened applications could be opened in a timelier manner. . . .*

*The audit report implies that CICRF does not examine the data or processes on an ongoing basis and has not taken any steps to address the backlog.*

*This is contrary to what CICRF told the audit team during the audit process. Below is an excerpt from an email from the CICRF director to the audit [team] . . .*

*". . . the Program Director presents monthly, quarterly and annual metrics to the CICRF Commission on the number of applications being reviewed by staff by date of service and the number of families who have received financial support in order to assist as many families as possible. . . .*

*Staff are encouraged to share benchmarks on opening/closing cases and ideas to improve efficiency in processing applications to serve more families at weekly staff meetings. . . .*

*Fund staff also spent considerable time in reviewing these applications although the Fund was unable to provide direct financial support to these families."*

*While it is interesting to look at the processing time of funds in other states, we caution against making comparisons and drawing conclusions without fully understanding the differences between the funds – what they cover, who they are for, and what documentation is needed. None of the six funds listed are comparable to the Massachusetts CICRF. Most of the funds listed pay only for medical expenses (rather than medical and related expenses), and some are only for people with insurance. These differences greatly simplify the review process. . . .*

---

*CICRF will continue to engage in quality improvement efforts. To make any significant improvements in reducing the time between the receipt and opening of an application. . . . A statutory change is required to increase staff above current levels.*

## **Auditor's Reply**

In its response, CICRF states that it does not administer the HSN Trust Fund and therefore does not have control over HSN fund use. However, although it does not administer this trust fund, CICRF can access it by submitting eligible reimbursements to be processed through the state's accounting system for payment from the trust fund. Thus, had CICRF been more efficient in processing applications, it could have processed more payments and used more of the \$4.4 million in funding available to it during this time.

CICRF states that our analysis of its backlog did not consider fluctuations in staffing levels, but it should be noted that when asked about the application backlog during our audit, CICRF officials did not indicate that staffing was an issue. Further, CICRF asserts in its response that OSA's analysis did not consider that applications are carried over from year to year. However, whether applications are open at the start of each fiscal year is not relevant to determining how long it takes to process one. Our analysis of the backlog calculated a simple average of the total number of days from CICRF's receipt of an application to the date it was approved for payment. This type of analysis simply points out how long it takes, on average, to receive an application, assign it to a staff member for processing, and approve it for payment.

In its response, CICRF states that it would take less time to review an application if its staff members could obtain all the necessary income and expense information more promptly. OSA agrees with CICRF and believes that the overall application process could be made more efficient. Currently, upon receipt of an application, CICRF records the contents of the application in its database and then sends a letter acknowledging receipt to the applicant family. However, CICRF does not request that applicants provide the necessary income and expense documentation to support such things as family income and medical expenses until the case is actually assigned to a staff member, who, at that later date, sends a request letter. As stated in our report, these second request letters are sent out, on average, 208 days after the initial acknowledgement letter. OSA believes that CICRF should consider requiring this documentation with submission of an application so that the documentation is available to staff members when they are assigned a new application for review and processing. This could reduce application processing time and the backlog.

CICRF asserts that it does examine its data and processes regularly and has taken steps to address the application backlog. However, to date, CICRF has not provided us with any documentation indicating that it has established definitive benchmarks for these purposes. We recognize that CICRF management holds monthly meetings with the commission to report on fund metrics, such as the numbers of applications assigned to staff members and applications approved for payment. In addition, we acknowledge that CICRF management holds weekly meetings with its staff that may include discussion about suggested benchmarks to use in assessing performance, but CICRF could not provide us with any documentation to substantiate that any benchmarks discussed at these meetings were ever formally adopted. Moreover, if CICRF has been taking effective measures to address its backlog, one can reasonably expect a reduction of the application processing time and number of backlogged applications. However, application processing time has significantly increased, from 51 days in 2010 (when CICRF received 402 applications) to 208 days in 2015 (when it only received 310).

CICRF states that the increase in the backlog of applications is also caused by an increase in the time staff members spent reviewing applications for families that were determined to be ineligible. However, this argument does not seem reasonable, because the same information is submitted by all applicants and therefore it should take the same amount of time to process an application for a family that is eligible that it would for a family that is later found to be ineligible. Because the review of applications does not vary in complexity, a more reasonable cause of an increase in processing time and the backlog of applications would be an increase in the number of applications submitted. However, as noted above, there was no significant increase in the number of applications submitted during the audit period; that number has consistently decreased since 2012.

CICRF also questions whether it is fair to compare its processing time with those of other states, stating that none of the funds listed are comparable to CICRF. OSA believes these comparisons are valid because the application process is similar: other state programs also require applicants to submit documentation supporting both income and medical expenses, similar to CICRF. Further, whether these other states provide funding differently, or whether they accept applicants that are insured or uninsured, is not relevant; the point of this comparison is that in some cases, other states are able to process their applications more quickly.

Finally, CICRF states that a statutory change would be necessary to add more staff members to process applications. CICRF did not explain why this would be the case, but it should be noted that Section 5(h) of

Chapter 111K of the General Laws, which limits the amount that can be spent on administrative costs, specifically exempts costs associated with personnel needed to evaluate and process applications from that limit:

*Administrative costs [are] not to exceed 5 per cent of the monies transferred into the fund in a given fiscal year . . . administrative costs shall not include staff costs related to case management services, including the evaluation and processing of applications.*

**3. CICRF did not pursue federal matching funds for \$60,643 of qualified medical services.**

CICRF did not effectively coordinate with MassHealth to ensure that the Commonwealth received the appropriate federal matching funds for certain medical reimbursements made to applicant families. As a result, the Commonwealth lost an opportunity to receive federal matching funds for approximately \$60,643<sup>23</sup> in healthcare costs.

We reviewed all CICRF reimbursements from the audit period and identified a total of \$121,286 out of approximately \$5.4 million in reimbursements that might have qualified for federal matching. These reimbursements were to families with MassHealth coverage and were for goods and services such as durable medical equipment, prescribed drugs, home healthcare services, hospital care, and physician and laboratory services. These items are typically eligible for federal matching funds under the state’s Medicaid program. The chart below summarizes CICRF reimbursements that might have qualified for federal matching funds during the audit period.

Type of Eligible Medical Expense	Total Amount Paid to Eligible Applicants	Total Potential Federal Matching Funds Lost to the Commonwealth
Home Healthcare	\$ 64,971	\$32,485
Home Modification, Interior*	2,550	1,275
Health Enabling Services/Equipment	12,808	6,404
Medication	2,219	1,110
Laboratory, Out of State	576	288
Medical Transportation	26	13
Physician, In State	3,019	1,510
Physician, Out of State	80	40
Mobility Aids	32,445	16,222

23. The federal matching assistance percentage for Massachusetts is 50%.

Type of Eligible Medical Expense	Total Amount Paid to Eligible Applicants	Total Potential Federal Matching Funds Lost to the Commonwealth
Hospital, In State	1,772	886
Ancillary Services	820	410
<b>Total</b>	<u>\$121,286</u>	<u>\$60,643</u>

\* This expense was for a generator in the home, which is classified as durable medical equipment.

## Authoritative Guidance

CICRF’s enabling legislation, Section 10 of Chapter 111K of the General Laws, requires the following:<sup>24</sup>

*The department of public health [DPH], in consultation with the division of medical assistance . . . shall take all necessary steps to maximize and coordinate the availability of federal financial participation under Title XIX of the Social Security Act for the program established by this chapter to the extent that expenditures under such program are considered expenses incurred for medical assistance within the meaning of 42 U.S.C. 1396d(a).*

The \$121,286 in CICRF reimbursements meets the definition of Medicaid- and Medicare-covered medical expenses in Section 1396(a)(1)–(13) of Title 42 of the US Code:

*inpatient hospital services . . . outpatient hospital services . . . other laboratory and X-ray services . . . physicians’ services . . . home health care services; private duty nursing services . . . dental services; physical therapy and related services; prescribed drugs and . . . prosthetic devices . . . other diagnostic, screening, preventive, and rehabilitative services.*

## Reasons for Noncompliance

DPH officials stated that until 2011, DPH coordinated with the Division of Medical Assistance (DMA) to claim federal matching funds for CICRF reimbursements. They stated that this practice stopped in 2011 because the majority of CICRF’s reimbursements are for medical expenses that do not qualify for federal matching funds. However, as noted above, DPH is required to maximize federal matching funds, including reimbursement for any eligible expenditures by CICRF. We believe that given the continuing rise in healthcare costs, DPH should make every effort to obtain available federal matching funds, no matter how small.

24. Although the regulation refers to DPH, its requirements, like the rest of this law, apply to CICRF.

## Recommendation

DPH should review all of CICRF's reimbursements to determine whether any qualify for federal matching funds and coordinate with DMA to ensure that federal matching funds are sought for all eligible expenditures.

## Auditee's Response

*DPH and CICRF will continue to coordinate with MassHealth going forward to pursue federal matching funds of qualified medical services moving forward.*

### **4. CICRF reimbursed families \$18,800 without required information.**

CICRF processed reimbursements for \$18,800 of medical expenses without obtaining all required information from applicants. As a result, it may have improperly reimbursed families that were not eligible to receive benefits.

In our sample of 30 out of 500 cases, CICRF did not obtain certificates of vehicle registration in 2 cases. In 1 of these 2 cases, CICRF also did not obtain a physician's letter.

## Authoritative Guidance

The Required Documentation for All Applicants section of CICRF's procedure manual requires each case file to contain a physician's letter testifying to the child's illness and, if applicable, a certificate of vehicle registration.

## Reasons for Noncompliance

CICRF officials stated that CICRF policy does not require certificates of registration to be submitted. However, the procedure manual, which is a detailed guideline for staff members to follow when processing applications, requires vehicle certificates of registration to be on file. Also, CICRF requires certificates of registration as part of the application checklist. This checklist is sent to applicant families once an application is opened so they can provide all necessary, required documentation to CICRF for processing. Since CICRF's reimbursements for vehicle purchases can be significant outlays of money, this procedure, which ensures that families register vehicles in their names, is intended to deter potential fraudulent requests for reimbursements.

---

In the case of the missing physician's letter, officials stated that it was originally obtained but was possibly misfiled or inadvertently lost.

## Recommendations

1. CICRF should amend its policy to reflect the process it wants its staff members to follow to determine eligibility as reflected in its procedure manual and application checklist. The policy should require that supporting documentation, including physician letters and vehicle certificates of registration, be obtained.
2. CICRF should ensure that required information is obtained and properly evaluated before it provides any reimbursements to applicants and should retain all records in applicants' files.

## Auditee's Response

*CICRF is extremely committed to obtaining all required documentation prior to approving any reimbursements to a family. After a careful review of the three cases cited, CICRF is confident that staff had sufficient and appropriate documentation for determining eligibility for benefits from the Fund, and did not reimburse these families [\$18,800] without required information.*

*CICRF currently does ensure that required information is obtained and properly evaluated before any reimbursements are provided and will continue to do so.*

### **1. Missing Physician Letter**

*According to our knowledge, the physician's letter was in the file when the application was reviewed and the family was deemed eligible and reimbursed.*

*This request was for a modified vehicle. It is important to note that the case file does currently contain several photos of the modified vehicle, including a photo of the child seated in his wheelchair in the modified vehicle. From the child's diagnosis listed on the application form and the photo of the child in the vehicle, it is evident that his medical condition requires a modified vehicle. . . .*

### **2. Missing Vehicle Registrations**

*Fund policy does not require that Certificates of Registration be submitted for all fund activity, only for vehicle purchases. Fund Procedures, which are a guideline for staff, state that Certificates of Registration are required for vehicle purchases. This wording should and will be changed to reflect actual practice and, more importantly, need.*

*The procedures serve as a "how to" or Job Aid for staff and are modified over time as appropriate. When adding Certificates of Registration to the procedures, the intention was not to require these documents for all families. We acknowledge the current language in the procedures is misleading and plan to edit the procedures.*

---

*In the two cases noted in the audit findings, staff had sufficient documentation to be certain the vehicle was purchased by the family. There were no questions that might have been answered by the Certificate of Registration; having a copy of the Certificate of Registration would not have made any difference to the eligibility determination or the amount of reimbursement to the family. . . .*

***The addition of Certificates of Registration to the CICRF procedures was intended to deter potential fraudulent requests for reimbursements in situations where other documentation alone does not support the request, such as when a family's name is not on the loan document.***

*In those cases, Certificates of Registration are used to support a family's assertion that the child with the disability has continued use of the vehicle. If the family purchased the vehicle and there is evidence of such (e.g. loan document, purchase agreement), and there is no reason to believe the child might not have use of the vehicle, Certificates of Registration are not necessary. Proof of ownership and payment provides a greater deterrence to potential fraudulent requests. Further, when a vehicle is registered in someone's name, it does not prove ownership.*

*Regarding Recommendation #1 . . . we believe the appropriate action to take is to amend the procedures—not the policy—to reflect the process staff should follow to determine eligibility. As stated above, CICRF will modify the procedures manual to make it clear that Certificates of Registration are not always needed.*

## **Auditor's Reply**

CICRF asserts that it did have sufficient and appropriate documentation in the two cases we identified. However, the Required Documentation for All Applicants section of CICRF's procedure manual requires staff members to obtain physicians' letters and certificates of registration, which were not present in the files in question. CICRF's procedures regarding this activity establish the minimum documentation that is necessary to substantiate that an applicant meets all of the program's eligibility requirements and is entitled to the requested reimbursements; therefore, it is essential that CICRF ensure that its staff consistently follows the procedures.

The missing physician's letter is the official document supporting fulfillment of the program eligibility requirement that the child be under the care of a licensed healthcare provider with staff privileges at a hospital that is licensed or accredited to provide pediatric or neonatal care. This information cannot be obtained from a photograph of the child.

OSA disagrees that the certificates of registration are not required. On the contrary, CICRF's procedures specifically state that certificates are required for any vehicle purchases. OSA also takes issue with CICRF's statement that its procedures do not reflect fund policy and only serve as a "how to" or job aid for staff. In practice, agency policies and procedures are developed to ensure that a process's intended purpose,

such as the determination of eligibility, is fulfilled in a consistent, effective, and efficient manner so that each applicant family is treated fairly and the process complies with any applicable laws and regulations, while also reducing the risk of inappropriately approving ineligible applications.

In its response, CICRF states that it allows staff members to obtain only vehicle purchase agreements and loan documents rather than also requiring the certificate of registration because these documents are better proof of ownership. OSA disagrees with this assertion because a family could conceivably purchase a vehicle, sign a loan, and then sell the vehicle. CICRF does not currently require the vehicle title to be obtained, and therefore the certificate of registration is the best proof of current ownership in its current procedures.

CICRF states that it uses the certificate of registration to ensure that a child has continued use of the vehicle for which it reimbursed the family. However, certificates of registration do not provide any information regarding who is actually using the vehicle; they only state to whom a vehicle is registered and whether s/he has paid the related excise tax. If CICRF wants to determine whether a family is truly using the vehicle to transport a disabled child, it should consider amending its policies and procedures to require other, more relevant, documentation to support this.

## **5. CICRF did not file required annual reports.**

CICRF did not file annual reports with the Governor and the state Senate and House Committees on Ways and Means for fiscal years 2011, 2012, and 2013. Without timely reporting, the Governor and these legislative bodies do not have the information they need to effectively monitor CICRF's activities, such as its number of participants, its average reimbursement amount, and participating families' average income and expenses.

### **Authoritative Guidance**

Section 11 of Chapter 111K of the General Laws requires CICRF to file an annual report on financial and performance indicators with the Governor and the Senate and House Committees on Ways and Means.

---

## Reasons for Noncompliance

CICRF officials stated that annual reports for fiscal years 2011 through 2013 were not filed because funding from the state through the Commonwealth Care Trust Fund<sup>25</sup> was suspended during fiscal years 2010 through 2013. Additionally, reports were not filed because there was limited staff during that time and a growing backlog in applications. CICRF staff members and the commission felt that it was important to prioritize processing applications so families in need could receive assistance rather than to produce the required annual reports.

## Recommendation

CICRF should file its required annual report.

## Auditee's Response

*CICRF concurs that annual reports were not filed for FY11, FY12 and FY13. In October 2015, CICRF filed a joint report for FY14–15; this report includes all the information on the number of participants, the average reimbursement amount, and participating families' average income and expenses for the missing report years (FY11–13). CICRF has filed annual reports for all of the other years of Fund operations since 2001, and intends to file the report on an annual basis moving forward.*

## 6. CICRF provided reimbursements without following its established policies.

CICRF processed reimbursements for medical expenses beyond the established eligibility period. In doing so, CICRF may not have effectively ensured that the affected applicants met all of its eligibility requirements. Further, CICRF understated the total number of reapplications it reported to the commission because in some cases, it did not direct families to reapply but rather created an additional eligibility period on a current application. Finally, as a result of adding more eligibility periods to applications, CICRF spends more time processing existing applications, rather than working toward processing backlogged applications, potentially making families already in the queue wait even longer.

CICRF requires families to submit an application for reimbursements, and if CICRF determines a family to be eligible, it establishes either a 12- or 24-month eligibility period;<sup>26</sup> any medical expenses incurred by

---

25. The Commonwealth Care Trust Fund was formerly the Medical Security Trust Fund.

26. CICRF determines the eligibility period by using the medical expenses reported on an application, which can include expenses incurred up to 24 months before the application date, and works with the family to identify either one or two 12-month eligibility periods that allow/s a maximum reimbursement for the family. Eligibility periods are based on expenses incurred before the application was opened and processed. When determining an eligibility period, CICRF does not consider expenses incurred after the application is submitted.

---

the family during that period are eligible for reimbursement based on family size and income. According to CICRF policies, applicants must submit a new application after the original 12- or 24-month eligibility period if they want to continue receiving reimbursements for their ongoing medical expenses. However, according to CICRF officials, beginning in fiscal year 2012, to reduce the backlog of applications, CICRF began allowing its staff members to create a second eligibility period on an application. CICRF did this to pay for medical expenses that families incurred beyond the established application eligibility period without requesting new applications. CICRF did not amend its policies temporarily to account for this change.

An example of this issue occurred on March 26, 2013, when CICRF began processing an application for a family that applied on November 13, 2012. CICRF appropriately determined the family's eligibility period to be 12 months, based on eligible medical expenses submitted on the application, from December 1, 2010 through November 30, 2011. While processing the existing application and communicating with the family, CICRF found that the family was in the process of purchasing a new vehicle in April 2013 and was preparing to have the vehicle modified. These expenses were outside the eligibility period already established by CICRF staff members based on medical expenses that had been incurred at the time the family applied. CICRF incorrectly established a second 12-month eligibility period to cover these additional expenses, which totaled \$25,600, without having the family submit a new application. In this case, more than 16 months lapsed between the end of the original eligibility period (November 30, 2011) and the date of the new purchases (April 22, 2013), but CICRF still reimbursed these expenses.

### Authoritative Guidance

CICRF's Eligibility Determination Policy requires that an application be submitted for expenses incurred up to 24 months before the application end date. This is to ensure that CICRF staff members apply the proper family income, size, and assets when calculating the amounts families will be reimbursed. Specifically, the policy states,

*Applicants may submit expenses incurred up to 24 months **prior to their application date** in order to meet eligibility requirements. The applicant family may identify either one or two 12 month periods to be examined for the financial eligibility determination. . . . Once determined eligible, applicants may be reimbursed for either 12 or 24 months of expenditures **prior to their eligibility end date**.*

The eligibility period is defined as follows:

---

*The period of time the applicant is eligible for reimbursement. This period begins with an "eligibility start date" and ends with an "eligibility end date."*

The policy also directs CICRF to tell families to reapply if they incur expenses after the eligibility end date:

*Recipients are required to reapply after their eligibility period ends if they wish to request additional funding for expenses incurred after their eligibility end date.*

## Reasons for Noncompliance

CICRF officials told us that they thought this practice was prudent because it reduces the overall time spent processing applications and results in quicker reimbursements. They stated that their approach is to do whatever it takes to help families overcome financial burdens caused by excessive medical bills.

Regarding the specific application discussed above, CICRF officials told us that they considered the application open and thought their policies allowed them to create a second eligibility period without having the family reapply.

## Recommendation

If CICRF wants to create more than one 12- or 24-month eligibility period per application to address the backlog of unprocessed applications, it should amend its policies to reflect this change and establish under what circumstances eligibility periods will be extended and for how long. If it chooses to do this, it should also take appropriate measures to ensure applicants' continued eligibility before providing any additional reimbursements.

## Auditee's Response

*CICRF disagrees with the finding that it provided reimbursement without following its established policies. CICRF followed its established policies. CICRF acknowledges the need to modify its Eligibility Determination Policy to make it clearer and ensure it meets family need. Staff will work with the Commission to address this. . . .*

- *CICRF always requests income to match the expense period. It does not need to request a new application form from the family in order to get additional updated supporting documentation for expenses, and other required information. . . .*
- *CICRF does not pay for expenses that families incur beyond an eligibility period. . . .*
- *We are unaware of any cases where CICRF determined an applicant eligible without meeting all of its eligibility requirements. When staff opens an application, they look at all information submitted with the application, and identify the additional information that is required. Staff asks families for missing or updated information. . . . To determine eligibility,*

---

*staff always compare income and expenses during a given 12-month period. When there are questions, staff asks them. . . .*

*[The authoritative guidance] states that "Eligibility periods are based on expenses incurred before the application was opened and processed. When determining an eligibility period, CICRF does not consider expenses incurred after the application is submitted."*

*While CICRF may look at expenses going back 24 months prior to the date on which the application was submitted, **it may also consider expenses incurred after the application was submitted.** This has been especially important to families who have waited many months for their application to be opened. . . .*

*We believe it would be insensitive to add to families' stress by telling them staff can only look at expenses incurred prior to the date their application was received when they may have been waiting many months for the application to be opened. To do so would be poor customer service and contrary to the valued principle of family-centered care. It would be an unnecessary bureaucratic hurdle and would do nothing to improve the system.*

*CICRF will consider all expenses incurred between the time an application is submitted and the eligibility period(s) is/are determined and the application is closed. We acknowledge the need to modify the Eligibility Determination Policy to make sure it is clear and meets current practice and family need. Staff will work with the Commission to address this. . . .*

*[The Auditor's recommendation] implies that CICRF extends eligibility periods. However, **CICRF does not extend eligibility periods once they are determined.** We are concerned with the implication that CICRF does not take necessary steps to ensure applicants' eligibility before providing reimbursement. CICRF does take all necessary steps. **No reimbursements are made without evidence that the family is eligible and expenses are reimbursable.** . . .*

*We disagree with the summary of events [in the case provided in the report] as presented. CICRF was informed on April 3, 2013 that the family would be purchasing a modified vehicle. The initial eligibility had not yet been determined; that was not done until April 30, 2013. The application was still open at the time the vehicle was purchased, so CICRF was able to consider the vehicle expense when identifying a second 12-month eligibility period. Further, the family did not receive any reimbursements for either eligibility period until May 2013. Because of the 24-month look-back period and the backlog resulting in a delay in opening the application, it was evident from the time the application was opened on March 26, 2013, that this application would likely result in two eligibility periods. . . .*

***Fund policies and procedures were followed. It is important to note that, had the family chosen not to include the vehicle purchase as part of this application and instead decided to wait to reapply in the future, there would have been no difference in the eligibility determination or the amount of reimbursement.***

*We respectfully disagree with the audit team's determination that "as a result of adding more eligibility periods to applications, CICRF spends more time processing existing applications rather than working toward processing backlogged applications, potentially making families already in the*

---

*queue wait even longer.” . . . When staff is already working with a family, there is limited staff burden to request additional documentation. It is more time-consuming to open a new application (or reapplication). This results in a net time savings. It is also most respectful to families.*

## **Auditor's Reply**

We do not agree that CICRF followed its policies for establishing eligibility periods and determining income; the case described in the finding indicates otherwise.

First, OSA disagrees that CICRF staff members always request income to match the expense period and that staff members do not have to request additional applications. On the contrary, before CICRF staff members can request information to determine the family's income, they must first establish the eligibility start and end dates, in accordance with CICRF policies. These policies require staff members to first identify an eligibility period by creating start and end dates for a 12- or 24-month period based on the expenses submitted by the applicants. Therefore, staff members cannot determine income before they set the eligibility start and end dates; otherwise, their requests for family income information might not be consistent with those dates.

Additionally, CICRF states that it does not pay for expenses outside the eligibility period. However, the case in question indicates otherwise. The documentation OSA reviewed shows the start and end dates of the eligibility period established by a CICRF staff member. OSA is not questioning this first eligibility period or the determination of the family income associated with it. However, as stated, staff members incorrectly determined the second eligibility period (and therefore the family income and size, which changed after the first period). As a result, CICRF paid for \$25,600 of expenses that were incurred outside the eligibility period.

In its response, CICRF states that staff members used the information from the family's initial application to determine eligibility periods and family income. However, as noted above, this resulted in CICRF reimbursing this family \$25,600 that was not part of this application. Of particular concern is that when discussing this case, CICRF officials stated that they allow staff members to do this whenever the occasion arises.

CICRF states that “it may also consider expenses incurred after the application was submitted.” However, this is not an allowable practice that CICRF has established in its policies. OSA does not dispute that in these instances, CICRF wishes to act in the best interests of applicant families that have been waiting a

considerable amount of time to have their cases processed. However, it must still process applications in accordance with its established policies to ensure that benefits are provided consistently and equitably. CICRF's policies state that CICRF staff members are required to establish eligibility start and end dates based on expenses submitted on families' applications. Further, the policies state that families are required to reapply after the 12- or 24-month eligibility period ends.

Contrary to CICRF's assertion, OSA did not misrepresent events related to the specific case in this report. Rather, OSA held several discussions with CICRF officials, reviewed the case file, and used the information we obtained to document the events. In addition, the income worksheet, which is part of the case file, lists the application date; the dates when expenses were incurred, going back to 2010; eligibility start and end dates for the first period; eligibility start and end dates for the second period; and family income and size for each period. OSA reported this information as it was stated on the worksheet. Further, creating a second eligibility period on an application because it is not yet closed is contrary to CICRF's written policies. According to CICRF policy, eligibility periods are to be driven by expense dates on an application, not when CICRF management assigns an application to a staff member for processing.

OSA disagrees with CICRF's statement that the eligibility period was not yet established when CICRF agreed to pay for the April 3, 2013 expenses in the questioned case. As stated, staff members set the eligibility period based on expenses that the family submitted on the application. Because CICRF agreed to pay for \$28,420 of family expenses going back to December 1, 2010, the eligibility period end date must be either November 30, 2011 or November 30, 2012. The \$25,600 of April 2013 expenses falls outside the two possible eligibility periods. Similarly, had CICRF set the eligibility period for this application to end in April 2013, the \$28,420 of expenses that the family incurred in December 2010 would have been precluded from reimbursement because they were incurred before March 2011, which would be outside the allowed 24-month eligibility period.

OSA does not take issue with CICRF looking at expenses incurred after the application was submitted because, as CICRF explained during the audit, it tries to find the best eligibility period to provide the most relief to the applicant family. However, once CICRF sets the 12- or 24-month eligibility period, that period should not be changed, as CICRF's policies state. CICRF should also ensure that its staff members instruct families to reapply when seeking to be reimbursed for medical expenses beyond their established eligibility end dates.

OSA disagrees with CICRF's statement that the amount the family received for the vehicle would have resulted in the same reimbursement amount had the family reapplied. If the family had reapplied in accordance with CICRF policies, staff members would have created a new eligibility period starting on December 1, 2012. In this case, because the family size had decreased by that time, and because vehicles are reimbursed on a sliding scale based on family size and income, CICRF would have reimbursed the family \$6,400 rather than \$9,600, or \$3,200 less.

CICRF states that it is more efficient to have staff members keep an application open and work with families to obtain reimbursement for expenses that were incurred while the family was waiting for the application to be processed. However, OSA believes that every application period must have a cutoff date; otherwise, applications with multiple eligibility periods could extend the processing time indefinitely and could also result in errors in the determination of family income and size for each eligibility period. This increase in processing time would also reduce the number of new applications that could be processed by CICRF staff members and increases the already significant backlog, which is unfair to other families whose applications are waiting in the queue.