



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

Making government work better

Official Audit Report – Issued April 20, 2022

Catastrophic Illness in Children Relief Fund

For the period July 1, 2017 through June 30, 2019





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Office of the State Auditor
Suzanne M. Bump

Making government work better

April 20, 2022

Margret Cooke, Acting Commissioner
Department of Public Health
250 Washington Street, Second Floor
Boston, MA 02108-4619

Dear Acting Commissioner Cooke:

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, 2017 through June 30, 2019. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Department of Public Health (particularly the Bureau of Family Health and Nutrition's 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 background.

Suzanne M. Bump
Auditor of the Commonwealth

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LIST OF ABBREVIATIONS

CICRF	Catastrophic Illness in Children Relief Fund
DPH	Department of Public Health
DUA	Department of Unemployment Assistance
FFP	federal financial participation
FPL	federal poverty level
OSA	Office of the State Auditor

EXECUTIVE SUMMARY

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 the Catastrophic Illness in Children Relief Fund (CICRF) for the period July 1, 2017 through June 30, 2019. The purpose of this audit was to determine whether CICRF met the needs of families that applied for financial assistance, whether it sought federal matching funds (also called federal financial participation) in accordance with state regulations for all eligible medical expenses, and whether it disbursed funds only to eligible applicants and only for qualified expenses.

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

Finding 1 Page 11	CICRF reimbursed applicants \$24,455 for medical expenses without required documentation.
Recommendation Page 11	CICRF should develop monitoring controls to ensure that its staff has all required documentation before reimbursing medical expenses.
Finding 2 Page 14	CICRF did not process applications in a timely manner.
Recommendation Page 14	CICRF should develop formal performance standards for employees, including attainable, time-based goals for processing and reviewing applications.
Finding 3 Page 16	CICRF did not pursue federal matching funds for \$49,588 of qualified medical services.
Recommendation Page 17	CICRF should review all its reimbursements to determine whether any qualify for federal matching funds and should coordinate with MassHealth to seek federal matching funds for all eligible expenditures.

OVERVIEW OF AUDITED ENTITY

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 purpose, according to its fiscal year 2019 annual report, is to provide assistance to families for catastrophic medical and health-related expenses that are not covered by insurance, public benefits, or other financial sources. This assistance is provided through reimbursements to families to cover qualified medical expenses they have incurred.

CICRF is managed by DPH's Bureau of Family Health and Nutrition. 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 commissioners 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 selected by DPH.

CICRF Funding

Section 9 of Chapter 111K of the General Laws requires the Department of Unemployment Assistance (DUA) to provide CICRF with \$1 annually for each employed person whose wages are reported quarterly to DUA by employers. For example, in fiscal year 2019, DUA made four transfers to CICRF; total deposits (transfers plus interest) for the year were approximately \$3.1 million. DUA provides this money from the quarterly state unemployment tax it collects from employers. During the audit period, CICRF reimbursed 363 families a total of \$3,548,763 for medical expenses and related expenses. At the end of fiscal year 2019, CICRF had a balance of more than \$5.6 million.

CICRF Reimbursements (by Expense Category) in Fiscal Years 2018 and 2019

Expense Category	Reimbursement
Family Support	\$1,208,620
Purchase of an Unmodified Vehicle	718,030
Vehicle Modifications	712,847
Purchase of a Previously Modified Vehicle	215,283
Home Modifications (Interior)	190,602
Health Enabling Services/Equipment	136,893
All Other (Includes Funeral Expenses, Medication, Mobility Aids, and Similar Expenses)	366,488
Total	<u>\$3,548,763</u>

Qualified Medical Expenses

Expenses listed in CICRF’s “Expense Policy” are eligible for reimbursement. These expenses include inpatient stays; laboratory expenses; home healthcare; mental health treatment; occupational and physical therapy; prescriptions; over-the-counter medications; nutritional supplements; treatment in, and travel to, out-of-state facilities visited because of their geographic convenience; non-pharmaceutical experimental treatment; alternative medicine and therapies; premiums for MassHealth or state-run healthcare plans for children who do not qualify for MassHealth; ambulances; medical equipment that includes mobility aids such as wheelchairs, walkers, and stair lifts; expenses of hospital trips to visit a child, such as travel, lodging, and meals; vehicle modifications and purchases; home modifications; whole house generators that may be used to prevent power loss and ensure that necessary medical equipment functions as intended; and funeral and burial services.

Medical expenses are not reimbursable if they are covered by health insurance, public benefits, or other financial sources.

Applicant Eligibility

Applicants are required to meet some conditions to qualify for reimbursements from CICRF. The individual for whom reimbursements are requested must be a resident of Massachusetts. The individual must have been under the age of 22 when the medical services for which reimbursement is requested were provided. 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 reimbursements from CICRF.

Application Process

Applicants can apply for assistance once per year. They apply to CICRF by completing and then submitting the CICRF Application for Assistance, a paper application that requires information such as family size and income, diagnoses and medical history, insurance information, and expenses claimed. Along with this application, according to CICRF’s “Procedures for Fund Staff,” families must submit the following supporting documentation:

- tax returns, Internal Revenue Service W-2 forms, earning statements, employer letters, and Social Security benefit letters
- documentation supporting inpatient and outpatient services, such as medical bills
- the patient's applicable medical records
- 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
- for vehicles purchased, the certificate of registration, bill of sale, loan documents, invoices, and pictures of modifications to the vehicle, as applicable.

When CICRF employees begin reviewing and processing an application, they initially screen it to determine whether it meets eligibility requirements related to age, residency, annual income, and qualified expenses. 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 the family 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. Then, 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 family to find the eligibility period that will award the family the greatest reimbursement from CICRF.

CICRF's director or secretary/treasurer reviews all payment requests for required documentation, accuracy of income and expense calculations, and adherence to CICRF's policies and procedures. Once an application is complete and CICRF has all required supporting documentation, the application can be approved by either the director or the commission. If a family's annual income and qualified expenses do not meet CICRF's eligibility requirements, the family is determined to be ineligible and is notified of the determination by CICRF's staff. Once an application is approved (the date this happens is called the approval date), the CICRF director or secretary/treasurer and the family sign a memorandum of understanding, and CICRF processes reimbursements through the state's Massachusetts Management Accounting and Reporting System.

Sliding Fee Scales

Section 5(d) of Chapter 111K of the General Laws grants CICRF the power to determine the amount of reimbursement for qualified medical expenses using a sliding fee scale. The scale is based on a family's size, income, assets, and incurred medical expenses. The sliding fee scale depends on the type of qualified expense. For example, most qualified medical expenses are reimbursed using a general sliding fee scale. Different sliding fee scales are used for qualified medical expenses for vehicle modifications, vehicle purchases, home modifications, and whole house generator purchases.

With the general sliding fee scale, CICRF first compares a family's size and annual income to the federal poverty income guidelines to determine whether the family's annual income is greater than, or less than or equal to, 800% of the federal poverty level (FPL).¹ Next, CICRF considers whether a family's assets are above or below \$1 million. These two factors determine the percentage of qualified medical expenses the family is entitled to receive as reimbursement.

For purchase of a vehicle, there is a cap on the amount a family can be reimbursed depending on the percentage of the FPL that the family makes, although regardless of its FPL percentage, a family cannot be reimbursed more than \$45,000 for the purchase of a previously modified vehicle² or \$20,000 for the purchase of a new vehicle. For example, a family with an income that is 625% of the FPL could be reimbursed up to \$32,500 if it purchased a previously modified vehicle or up to \$7,500 for a new vehicle.

A family with an annual income below 800% of the FPL can also be reimbursed for modifying a vehicle it already owns. CICRF reimburses up to \$25,000 for the cost of vehicle modification.

A family with an annual income below 800% of the FPL can also be reimbursed for home modifications to make a child's home more accessible or safe. A family can be reimbursed up to \$10,000 for interior home modifications and up to \$6,000 for exterior home modifications.

There is a \$24,000 lifetime limit on reimbursement for home modifications. There is a \$100,000 limit on reimbursement for the child's lifetime for any combination of vehicle purchases or vehicle or home modifications. However, CICRF can make exceptions to this if the family can demonstrate a need.

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1. According to these guidelines, in 2019, the federal poverty level for a family of four was \$25,750, which means 800% of the federal poverty level was \$206,000.
 2. A previously modified vehicle is a vehicle that has been made wheelchair accessible for a child or has been changed to accommodate an extraordinary amount of medical equipment for the child that will not fit into an unmodified vehicle.

A family can be reimbursed up to \$10,000 for the purchase of a whole house generator. The amount that can be reimbursed is determined by the FPL percentage of the family's annual income. For example, a family with 500% of the FPL could be reimbursed 40% of the purchase cost of a whole house generator.

Federal Financial Participation

Section 10 of Chapter 111K of the General Laws requires DPH to maximize and coordinate federal financial participation (FFP) for CICRF for qualified medical expenses. A state can recover funds from the federal government for certain medical expenses under Medicaid and other human service programs as part of FFP. Such medical expenses could be incurred by families with MassHealth coverage and include goods and services like durable medical equipment, prescribed drugs, home healthcare, hospital care, and physician and laboratory services. These items are typically eligible for federal matching funds under the state's Medicaid program. States are reimbursed based on their federal medical assistance percentage, which is 50% for Massachusetts. Thus, if Massachusetts submitted to the federal government \$100,000 for FFP-eligible medical expenses that had been reimbursed to families, Massachusetts would recover \$50,000.

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, 2017 through June 30, 2019.

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. Does CICRF financially meet the needs of eligible applicants who have applied for financial assistance for qualified medical expenses by using sliding fee scales, as required by Sections 5(d) and 5(b) of Chapter 111K of the General Laws, in a timely manner?	Partially; see Findings <u>1</u> and <u>2</u>
2. Does CICRF pursue and receive federal matching funds for qualified medical expenses in accordance with Section 10 of Chapter 111K of the General Laws?	No; see Finding <u>3</u>
3. Does CICRF disburse funds to eligible applicants for qualified medical expenses in accordance with its “Eligibility Policy” and “Expense Policy”?	Partially; see Finding <u>1</u>

To achieve our objectives, we gained an understanding of the internal controls we determined to be relevant to the objectives by reviewing original source documents; conducting inquiries with CICRF officials; and reviewing CICRF’s internal controls and applicable laws, regulations, and agency policies and procedures.

We reviewed and tested the effectiveness of internal controls related to the processing of applications. Specifically, we performed control testing to verify that the CICRF director or secretary/treasurer signed each expenditure approval before reimbursement and that CICRF met to review specific cases to

determine whether the medical expenses incurred by families were necessary and reasonable before approving them for reimbursement.

To obtain sufficient, appropriate evidence to address our audit objectives, we conducted further audit testing as described below.

Sliding Fee Scales

To determine whether CICRF calculated reimbursements using sliding fee scales, we reviewed applicable state laws and regulations and other authoritative guidance. These require reimbursement amounts for medical expenses to be based on a sliding fee scale, which in turn is based on a family's income, size, assets, and medical expenses. We selected a random, nonstatistical sample of 60 of the 363 unique cases for which CICRF made reimbursements during the audit period. We first determined whether expenses in the sample were for vehicle purchases, vehicle modifications, home modifications, or whole house generators. We determined each family's federal poverty level (FPL) percentage and expense amount, and used these determinations to verify the family was reimbursed the proper amount based on the appropriate sliding fee scale. For all other expense types, we determined whether the family's FPL percentage was greater than, or less than or equal to, 800%. If it was above 800%, we determined whether or not the family had assets greater than or equal to \$1 million. In such a case, the family should be reimbursed for only 90% of its qualified medical expenses. Using our determinations, we verified that the families were reimbursed the proper amount based on CICRF's general sliding fee scale.

Timeliness of Application Processing

To determine whether CICRF processed applications in a timely manner, we selected a random, nonstatistical sample of 60 of the 363 unique cases for which CICRF made reimbursements during the audit period. For these cases, we analyzed the time from the date the application was received to the date the application review process began; from the date the application review process began to the date CICRF approved the reimbursement; and finally from the date the application was received to the date CICRF approved the reimbursement. Using these analyses, we calculated the average days between all parts of the application process for the cases in the sample.

Federal Financial Participation

To determine whether CICRF pursued federal matching funds for qualified medical expenses, we reviewed applicable state laws and regulations and other authoritative guidance that require CICRF to obtain federal matching funds for reimbursed medical expenses. We met with CICRF officials to determine whether CICRF pursued federal financial participation (FFP). We learned that CICRF did not pursue FFP, so we quantified the dollar amount that could have been recovered if it had done so. We identified all applicants who were insured by MassHealth. We reviewed the types of medical expenses CICRF reimbursed to those who were insured by MassHealth during the audit period. We analyzed the reimbursements to identify and quantify those that were eligible for FFP.

Eligibility

To determine whether CICRF verified age and residency eligibility, we selected a random, nonstatistical sample of 30 of the 363 unique cases that resulted in reimbursements during the audit period. For this sample, we reviewed the case files to verify each applicant's eligibility in two ways. First, we reviewed documentation confirming the child's date of birth to determine whether the child was 21 years old or younger on the dates of service. Second, we reviewed documentation confirming that the family and the child were Massachusetts residents.

To determine whether CICRF verified income eligibility, we selected a random, nonstatistical sample of 30 of the 363 unique cases that resulted in reimbursements during the audit period. For each sampled case, we reviewed Internal Revenue Service W-2 forms, tax returns, Social Security income, State Supplement Program³ payments, pay stubs, and other documentation to determine whether CICRF obtained sufficient, appropriate documents to determine family income. We reviewed expense documentation to determine whether medical expenses qualified for reimbursement and were more than 10% of each family's gross annual income up to \$100,000 and, when appropriate, more than 15% of each family's gross annual income above \$100,000.

3. According to the website of the Massachusetts Department of Transitional Assistance, "the State Supplement Program (SSP) is a state cash benefit program for qualified Massachusetts Supplemental Security Income (SSI) applicants. SSI provides monthly payments to eligible, low-income individuals who are 65 or older, blind, or disabled. Massachusetts provides additional payments called the State Supplement Program (SSP)."

Data Reliability Assessment

CICRF maintains a Microsoft Access database to track cases throughout the application review process. CICRF employees manually enter information in this database when they begin the review process. Once an application has been deemed eligible and the reimbursement has been approved, CICRF employees update the database to include the payment information.

To gain an understanding of the Microsoft Access database and its controls, we interviewed CICRF personnel. To assess the reliability of the data provided to us from the database, we performed the following procedures. We traced a random, nonstatistical sample of payment information for 30 cases to information in the Commonwealth Information Warehouse.⁴ We verified that the data did not contain blank records, duplicates, or dates outside the audit period. We also verified that it contained necessary data fields. We traced key information from a random, nonstatistical sample of 30 cases to hardcopy case files to verify the accuracy and completeness of the database. We determined that the data in CICRF's database were sufficiently reliable for the purposes of our audit.

We used nonstatistical sampling methods for our audit objectives and did not project the sample results to any of the population.

4. The Commonwealth Information Warehouse contains budget, human resource, and payroll information as well as financial transaction data from the Massachusetts Management Accounting and Reporting System.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Catastrophic Illness in Children Relief Fund reimbursed applicants \$24,455 for medical expenses without required documentation.

During the audit period, the Catastrophic Illness in Children Relief Fund (CICRF) reimbursed applicants \$24,455 for medical expenses that did not have the required documentation that should have been used to determine whether they were qualified expenses and to complete a sliding fee scale that would determine the allowable amount. As a result, there is inadequate assurance that these were qualified medical expenses and were calculated at the correct value under state law.

Authoritative Guidance

CICRF's "Eligibility Policy" and "Procedures for Fund Staff" require that documentation be provided to determine whether an expense meets the eligibility criteria (that it be medically necessary and that there be no other available payer) to be a qualified expense.

Section 5(d) of Chapter 111K of the Massachusetts General Laws requires CICRF to use sliding fee scales that are based on family size and income to determine the amount of allowable reimbursement.

Reasons for Issue

CICRF did not have monitoring controls to ensure that its staff had all required documentation before reimbursing medical expenses.

Recommendation

CICRF should develop monitoring controls to ensure that its staff has all required documentation before reimbursing medical expenses.

Auditee's Response

CICRF is committed to obtaining all required documentation prior to approving any reimbursements to a family. CICRF acknowledges that documentation was missing from four paper files out of the 120 sample files the program pulled for review for this audit and concluded after a thorough debrief that the required documentation was present at the time these four payments were reviewed and approved, the expenses were all qualified medical expenses, payments were paid appropriately according to Fund sliding scales, and the missing documentation was later misfiled.

[The Department of Public Health, or DPH] has determined that CICRF has the appropriate monitoring controls in place to ensure that staff have all required documentation before expenses are approved for reimbursement and funds are disbursed in accordance with Fund policies.

CICRF has been involved in a multi-year initiative to reduce paper-based files and is actively in the development phase of a Customer Relationship Management (CRM) system that will reduce loss or misfiling of critical documents.

Standard Operating Procedures: *The process for reviewing and approving applications for payment once an applicant's package is completed is as follows:*

- 1. CICRF staff reviews all documentation and calculates income and the amount of eligible expenses to determine eligibility and amount of reimbursement following Fund policies.*
- 2. The CICRF Director or designee reviews and approves all documentation and calculations to ensure that Fund policies and procedures have been followed.*
- 3. The CICRF Director approves the payment packet and submits it to the Bureau of Family Health and Nutrition's Administration & Finance (A&F) Unit for review and approval adhering to their monitoring controls.*
- 4. The A&F staff enters the payment into the Massachusetts Management Accounting and Reporting System (MMARS) and submits the payment packet including expense documentation to the DPH Accounting Office to process payment of approved expenses for this application.*

Analysis of Missing Documentation: *Regarding the four cases cited, CICRF is confident that staff had sufficient and appropriate documentation to determine that the reimbursed expenses were qualified medical expenses under Fund policy. The expenses in question were for Family Support (assistance with the cost of visiting/transporting a child/youth to the hospital) and a wheelchair-accessible van which are two of the most frequently reimbursed expenses paid by the Fund. CICRF provided [the Office of the State Auditor, or OSA] with copies of the payment packets that had been submitted to A&F and Accounting; the packets included receipts and proof of payment from families for expenses being reimbursed.*

CICRF staff have reviewed the correspondence, hospital medical record releases, [CICRF] Commission case review and spreadsheets in the four electronic case files. Review of the spreadsheets verify that family reimbursement was calculated at the correct amount using appropriate sliding scales following all Fund policies and procedures. In three cases, the child's primary insurance was MassHealth Standard indicating family income was less than 300% of the Federal Poverty Income Guidelines (FPIG). In the fourth case, the family was reimbursed for a modified van. This family's income was less than 800% of the FPIG and the appropriate sliding scale was used to calculate reimbursement at 100% of the allowed vehicle scale amount of \$7,500.

Auditor's Reply

CICRF states in its response that required supporting documentation was missing from four of the case files that OSA selected for testing. OSA agrees that two case files were missing required documentation, including income and expense packets. (CICRF uses income and expense packets to verify the eligibility of applicant income and to determine whether expenses are qualified medical expenses and therefore reimbursable.) CICRF was unable to locate the other two case files at all.

In its response, CICRF states,

The required documentation was present at the time these four payments were reviewed and approved, the expenses were all qualified medical expenses, payments were paid appropriately according to Fund sliding scales, and the missing documentation was later misfiled.

OSA cannot substantiate this assertion because, as previously noted, CICRF did not provide us with the documentation necessary to do so. Although CICRF may maintain spreadsheets that document eligibility determination information, and it was able to provide evidence that it reimbursed families by supplying payment packets to OSA, without the required source documentation CICRF cannot substantiate that the reimbursements it made in these four cases were for allowable expenses and were calculated correctly.

DPH states that it believes CICRF has proper monitoring controls to ensure that all required documentation is reviewed before payments are disbursed. However, this does not appear to be the case, as we found reimbursements related to the four case files previously mentioned that did not contain required documentation, such as income or expense verifications, and therefore had no evidence that the required documentation had been submitted and reviewed first. Effective monitoring controls would ensure that all required documentation was retained in each applicant's case file. We acknowledge that CICRF has implemented standard operating procedures for this activity. Effective monitoring controls are also essential in ensuring that the procedures are followed as prescribed by all staff members.

Finally, CICRF states that it is developing a system to reduce paper-based files and "reduce loss or misfiling of critical documents." We agree that this system could be beneficial; we also urge CICRF to implement our recommendation to develop effective monitoring controls for collecting supporting documentation before making reimbursements.

2. CICRF did not process applications in a timely manner.

CICRF did not process applications for financial assistance in a timely manner. Our sample test of 60 case files (consisting of 62 applications⁵) out of 363 showed that the 62 applications were idle for an average of 170 days before CICRF assigned them to staff members to begin reviewing and processing. Once applications were assigned, CICRF took an average of 140 days to approve them for payment. Finally, CICRF took an average of 300 days from receiving an application to approving the reimbursement.

Many families applying for financial assistance have incomes near or below the federal poverty level. As a result of these processing delays, families seeking reimbursement for medical expenses might incur financial hardship.

Authoritative Guidance

According to its website, CICRF's purpose is as follows:

[CICRF] provides financial assistance to qualified families caring for children with special health needs and disabilities. The CICRF can help families with certain medical and related expenses that are not covered by insurance, public benefits or other financial source[s].

If CICRF does not process and review applications in a timely manner, it prolongs families' financial hardship, which is contrary to its purpose.

Reasons for Issue

CICRF management stated that they had not yet developed formal performance standards for employees, including attainable, time-based goals for processing and reviewing applications.

Recommendation

CICRF should develop formal performance standards for employees, including attainable, time-based goals for processing and reviewing applications.

Auditee's Response

CICRF aims to provide timely assistance to families while adhering to all Fund policies and procedures.

5. There were 62 applications in the 60 case files in our sample because a family can apply for reimbursement multiple times.

Since FY2018, CICRF has leveraged technology, quality improvement tools and additional staffing to streamline the application review process. Given this audit period covers FY2018 and FY2019, the results of these efforts are not fully evident.

The audit calculated the time from the date the application is received to the date the application is opened by CICRF staff (the "queue"); and the time from the date the application is opened to the date a payment is made. The backlog accumulated over many years, starting when there were no transfers from the Medical Security Trust Fund (MSTF) to the CICRF Trust from the 4th quarter of FY2009 through FY2013. During that time, funds were preserved for families instead of backfilling staff positions.

Since FY2018, CICRF has been increasing staffing capacity, and [the Executive Office of Health and Human Services' Information Technology Office] has identified a customer relationship management (CRM) software solution that will improve the timeliness of applications and has engaged in quality improvement processes to identify delays and inefficiencies in workflow to improve processes at CICRF, and identified the challenges posed in getting timely documentation from families. The development phase began in Feb 2022, and it is anticipated that it will take at least 3 months to build the system. The goal is that families would be able to apply . . . online and submit information online, follow-up [on their applications via a] tracking system, reduce / eliminate paper files, make it easy for families to email material on a secure platform versus mail-in and reduce processing time.

CICRF offers families ample time and flexibility to submit required documentation given ongoing stressors and demands on families caring for children with medically complex conditions. The workflow analysis revealed one example of an application that took 130 days between the date the application was opened and date of payment. A single mother with limited income applied for family support reimbursement for her child who was born prematurely at 23 weeks with [multiple diagnosed medical conditions]. Staff worked closely with the parent for months until all the required documentation from multiple sources were collected. Once staff received all required document[s], the payment was approved the next day.

Given that CICRF cannot finalize a determination on a family's eligibility for Fund reimbursement until all necessary income and expense documentation is received, CICRF has implemented strategies to collect as much paperwork from families before the application is opened. CICRF is confident that continuing efforts to engage with families upon application receipt, leveraging technology (state mobile phones to text families and receive documentation, eFax [a program that allows faxes to be sent online with a computer], and secure email) and implementing the new CRM system will further reduce processing time so that eligible families receive financial assistance more quickly.

Auditor's Reply

OSA acknowledges that CICRF faces a number of challenges in processing applications; however, we are concerned about the fact that the time CICRF takes to process applications has increased since our last audit (No. 2016-0292-3S, issued in June 2017). Since then, the number of days it takes CICRF to assign a

case to a staff member for review and processing has increased from 158 days to 170 days, and the average time CICRF takes to process an application has increased from 289 days to 300 days. Although we recognize that CICRF may not be able to effectively control some aspects of the application process, OSA believes CICRF can make its application process more efficient. For example, it is unclear why CICRF took an average of 170 days to assign an application to a staff member for processing. OSA believes that developing formal performance standards for employees, including attainable, time-based goals for processing and reviewing applications, would address many of the application processing issues.

Based on its response, CICRF is taking measures to address our concerns on this matter. We urge CICRF to implement our recommendation.

3. CICRF did not pursue federal matching funds for \$49,588 of qualified medical services.

CICRF did not pursue federal matching funds for qualified medical services. As a result, the Commonwealth lost an opportunity to receive federal matching funds for \$49,588 in healthcare costs.

We reviewed all CICRF reimbursements from the audit period and identified a total of \$99,176 out of a total of approximately \$3,548,763 in reimbursements that qualified for federal matching. The Congressional Research Service's "Medicaid Federal Medical Assistance Percentage (FMAP)" report states that Massachusetts's federal matching assistance percentage for qualified medical services is 50%, so a total of \$99,176 would have qualified for \$49,588. These reimbursements were to families with MassHealth coverage and were for goods and services such as durable medical equipment, prescribed drugs, home healthcare, hospital care, and physician and laboratory services. Such items are typically eligible for federal matching funds under the state's Medicaid program. The table 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
Health Enabling Services/Equipment	\$ 43,006	\$ 21,503
Medication	27,046	13,523
Mobility Aids	26,224	13,112
Hospital, In State	2,900	1,450
Total	<u>\$ 99,176</u>	<u>\$ 49,588</u>

Authoritative Guidance

CICRF's enabling legislation, Section 10 of Chapter 111K of the General Laws, requires the following:⁶

The department of public health, 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 [CICRF] established by this chapter to the extent that expenditures under such program are considered expenses incurred for medical assistance within the meaning of [Section 1396d(a) of Title 42 of the United States Code].

The aforesaid \$99,176 of CICRF reimbursements meets the definition of Medicaid- and Medicare-covered medical expenses in Section 1396d(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 . . . prosthetic devices . . . other diagnostic, screening, preventive, and rehabilitative services.

Reasons for Noncompliance

CICRF management told us that although in the past CICRF had claimed federal matching funds for reimbursements, it had stopped doing so because most of its reimbursements were for medical expenses that did not qualify for federal matching funds. However, as noted above, CICRF is required to maximize federal matching funds, including reimbursement for any eligible expenditures it makes. We believe that given the continuing rise in healthcare costs, CICRF should make every effort to obtain available federal matching funds, no matter how small.

Recommendation

CICRF should review all its reimbursements to determine whether any qualify for federal matching funds and should coordinate with MassHealth to seek federal matching funds for all eligible expenditures.

Auditee's Response

DPH will continue to coordinate with MassHealth to pursue federal matching funds of qualified medical services moving forward. DPH will continue working with [the Executive Office of Health and Human Services' Revenue Unit] to discuss ongoing monitoring and seek to maximize reimbursement.

6. Although the law refers to the Department of Public Health, its requirements apply to CICRF.

Auditor's Reply

Based on its response, CICRF is taking measures to address our concerns in this area.