



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

*Making government work better*

Official Audit Report – Issued October 9, 2020

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## Office of Medicaid (MassHealth)—A Review of MassHealth Member Eligibility at the Springfield Enrollment Center

For the period January 1, 2017 through December 31, 2018





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October 9, 2020

Ms. Marylou Sudders, Secretary  
Executive Office of Health and Human Services  
1 Ashburton Place, 11th Floor  
Boston, MA 02108

Dear Secretary Sudders:

I am pleased to provide you with my office's performance audit of MassHealth's income eligibility verification activities at its Springfield enrollment center. This report details the audit objective, scope, and methodology for the audit period, January 1, 2017 through December 31, 2018. My audit staff discussed the results of this audit with MassHealth management.

I would also like to express my appreciation for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Daniel Tsai, Assistant Secretary and Director, Office of Medicaid  
Alda Rego, Assistant Secretary for Administration and Finance, Executive Office of Health and Human Services  
Joan Senatore, Director of Compliance, Office of Medicaid  
Teresa Reynolds, Executive Assistant to Secretary Sudders

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## LIST OF ABBREVIATIONS

CMR	Code of Massachusetts Regulations
DOR	Massachusetts Department of Revenue
FPL	federal poverty level
HIX	Health Insurance Exchange
IRS	Internal Revenue Service
MMIS	Medicaid Management Information System
MWS	MyWorkStation
OSA	Office of the State Auditor

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## EXECUTIVE SUMMARY

The Office of the State Auditor (OSA) receives an annual appropriation for the operation of a Medicaid Audit Unit to help prevent and identify fraud, waste, and abuse in the Commonwealth's Medicaid program. This program, known as MassHealth, is administered under Chapter 118E of the Massachusetts General Laws by the Executive Office of Health and Human Services, through the Division of Medical Assistance. Medicaid is a joint federal-state program created by Congress in 1965 as Title XIX of the Social Security Act. At the federal level, the Centers for Medicare & Medicaid Services, within the United States Department of Health and Human Services, administer the Medicare program and work with state governments to administer state Medicaid programs.

To assist individuals who want to apply for MassHealth benefits for the first time or renew their existing benefits, MassHealth operates four enrollment centers, located in Tewksbury, Chelsea, Taunton, and Springfield. Employees at these enrollment centers are responsible for collecting all of the necessary information and documentation from each applicant and verifying, as required, that each applicant meets all of the program's eligibility requirements related to assets, income, residency, and citizenship. A person or his/her authorized representative must file an application online, complete a paper application, complete a telephone application, or walk into one of the enrollment centers and complete an application with the staff.

During fiscal year 2019, OSA initiated an audit of MassHealth's four enrollment centers to determine whether employees at the centers properly verified the incomes of walk-in applicants. In this audit, we reviewed the asset/income-related eligibility verification activities that MassHealth conducted at its Springfield enrollment center for the period January 1, 2017 through December 31, 2018. During this period, the Springfield enrollment center performed income verification procedures for 6,236 walk-in applicants. This audit was conducted as part of OSA's ongoing independent statutory oversight of the state's Medicaid program.

Our audit revealed no significant instances of noncompliance by MassHealth's Springfield enrollment center that must be reported under generally accepted government auditing standards.

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## OVERVIEW OF AUDITED ENTITY

Under Chapter 118E of the Massachusetts General Laws, the Executive Office of Health and Human Services, through the Division of Medical Assistance, administers the state's Medicaid program, known as MassHealth. MassHealth provides access to healthcare for approximately 1.9 million low- and moderate-income children, families, seniors, and people with disabilities annually. In fiscal year 2018, MassHealth paid healthcare providers more than \$15 billion, of which approximately 50% was funded by the Commonwealth. Medicaid expenditures represent approximately 39% of the Commonwealth's total annual budget.

According to Section 502 of Title 130 of the Code of Massachusetts Regulations (CMR), to be eligible to receive MassHealth benefits, an applicant must meet the following eligibility requirements.

1. **Income:** Applicants must meet certain income requirements to qualify for MassHealth coverage. The gross earned and unearned income of all family group members cannot exceed a designated percentage of the federal poverty level (FPL). The percentage is based on the family group size and the MassHealth coverage type.
2. **Residency:** An applicant or member must live in the Commonwealth with the intent to remain permanently or indefinitely, but is not required to maintain a permanent residence or fixed address.
3. **Citizenship / Immigration Status / Identity:** United States citizens must provide proof of their citizenship and identity to MassHealth to qualify for benefits. Citizen applicants can satisfy both of these requirements by providing a single document such as a United States passport (current or expired), a Certificate of Naturalization, or a Certificate of U.S. Citizenship. Citizen applicants can also choose to submit separate documents to provide proof of their citizenship and their identity, e.g., a birth certificate as proof of citizenship and a driver's license as proof of identity. Similarly, undocumented noncitizens must document their immigration status in order to qualify for MassHealth benefits other than emergency care. Acceptable documentation includes employment authorization cards (green cards) and permanent resident cards. The MassHealth benefits that are available to an undocumented noncitizen depend on his/her current and former immigration status, the date s/he entered the United States, and the date s/he obtained the current immigration status, as well as factors unrelated to immigration, such as age, any incidents of domestic violence, any service in the military, and any disabilities. Undocumented noncitizens who do not submit verification of their immigration status are still eligible to receive emergency care under MassHealth's Limited Program.

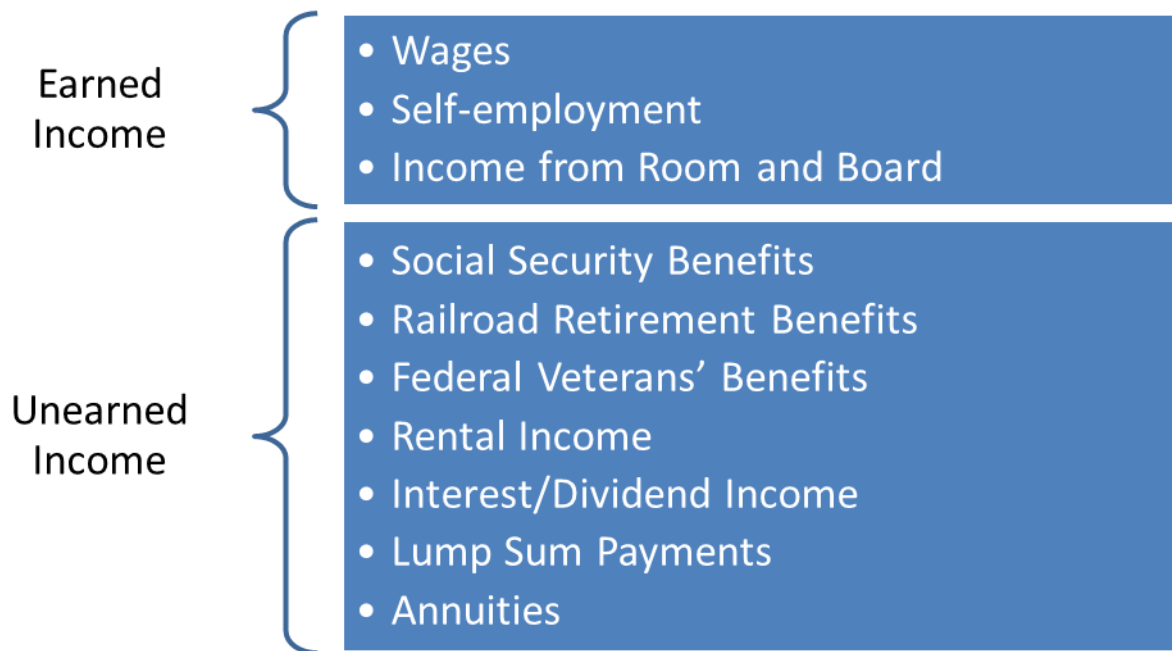
To assist individuals who are either initially applying for MassHealth benefits or seeking to renew benefits they are already receiving, MassHealth operates four enrollment centers, located in Tewksbury,

Chelsea, Taunton, and Springfield. Enrollment centers are open from 8:45 a.m. until 5:00 p.m. on weekdays for customer service either in person or by phone.

All of MassHealth’s enrollment centers are overseen by MassHealth’s chief operating officer. During the audit period, the Springfield enrollment center was staffed with a director, an assistant director, three managers, and approximately 55 other employees. Enrollment center employees are responsible for analyzing documentation to ensure accuracy and completeness to support eligibility determinations, interpreting eligibility rules and procedures, helping members complete forms, replying to member inquiries, providing information about eligibility requirements, and serving as agency representatives at hearings by preparing and delivering explanations of eligibility decisions.

### Income Eligibility

To determine whether applicants qualify for MassHealth coverage, MassHealth considers the earned and unearned income of all family members in a household:



A family’s total income, both earned and unearned, cannot exceed a designated percentage of the FPL. The applicable percentage is based on the family size, as shown below.

Family Size	MassHealth Income Limit (Yearly)	100% FPL	115% FPL	125% FPL	135% FPL	150% FPL	200% FPL
1	\$6,264	\$12,140	\$13,961	\$15,175	\$16,389	\$18,210	\$24,280
2	\$7,800	\$16,460	\$18,929	\$20,575	\$22,221	\$24,690	\$32,920
3	\$9,300	\$20,780	\$23,897	\$25,975	\$28,053	\$31,170	\$41,560
4	\$10,692	\$25,100	\$28,865	\$31,375	\$33,885	\$37,650	\$50,200
5	\$12,192	\$29,420	\$33,833	\$36,775	\$39,717	\$44,130	\$58,840
6	\$13,692	\$33,740	\$38,801	\$42,175	\$45,549	\$50,610	\$67,480
7	\$15,192	\$38,060	\$43,769	\$47,575	\$51,381	\$57,090	\$76,120
8	\$16,596	\$42,380	\$48,737	\$52,975	\$57,213	\$63,570	\$84,760

## MassHealth Application Process

Applicants who come into the Springfield enrollment center can fill out an application online before walking into the center or can complete one once they arrive with the help of the center’s staff. The application requires an applicant to provide information such as name, Social Security number, date of birth, household income, family size, and place of residency. The enrollment center’s staff enters the application information in either the Health Insurance Exchange (HIX) for applicants 65 and younger or the MA-21 system for applicants who are older than 65 and/or require long-term care.

## MA-21 System

For each application, MA-21 performs several administrative tasks, such as performing a data match with the Social Security Administration to determine whether the applicant is receiving Social Security benefits and sending required verification request forms to applicants if any information is missing. Once these tasks are completed, MA-21 determines whether the applicant meets all of MassHealth’s eligibility requirements and, if so, determines the most comprehensive healthcare coverage type for which the applicant is eligible.

## HIX

The Commonwealth’s Health Connector<sup>1</sup> uses HIX, the eligibility system required by the Affordable Care Act for those younger than 65. On the application in HIX, the applicant enters his/her household

1. The Commonwealth Health Connector was established in 2006 to provide affordable health insurance to Massachusetts citizens. People who do not meet the required income eligibility levels to participate in MassHealth are referred to the Health Connector.



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information, including family size, projected yearly incomes of working household members, proof of Massachusetts residency, and whether any household members currently have health insurance. MassHealth interfaces with a federal data hub that matches the income and residency information on the application to the information reported by various sources (such as the applicant's employer/s) to the federal Internal Revenue Service (IRS), the Massachusetts Department of Revenue, and the federal Social Security Administration. If any discrepancies are discovered, MassHealth sends the applicant a request for additional documentation to support the application.

Additionally, MassHealth uses a matching process within HIX to determine whether the income that a person reports on an application is reasonable. To be considered reasonable, the amount on the application has to be within 10% of what has been reported to other sources (e.g., the IRS) as determined by the matching process. If the amount is determined to be reasonable, the applicant is deemed to have met the asset/income eligibility requirements. If the amount is determined to be unreasonable, MassHealth sends the applicant a letter requesting additional information. According to 130 CMR 520.009(C)(3), such information could include the following:

- recent pay stubs (earned)
- recent check stubs showing gross income (unearned)
- current signed statement from the employer
- current proof of pension/benefits when matching is unavailable
- current proof of interest and dividends
- United States tax returns
- for renters, a signed statement by the renter/s and the landlord stating the amount and the frequency of payments
- for landlords, a written statement from the tenant of the amount of rent paid or a copy of the lease
- other reliable evidence.

Once any requested additional information is received, the enrollment center's staff scans all documents into a system called MyWorkStation. The staff reviews it and uses it to calculate the income to use to determine whether the applicant has met the program's income eligibility requirements. If the

enrollment center staff determines that an applicant does not meet the requirements, the application is denied, and if the applicant is applying to renew benefits, the current benefits could be revoked.

MassHealth accepts self-attestation for all eligibility factors other than citizenship and immigration status and makes a provisional eligibility determination as if the applicant had supplied the information. MassHealth provides temporary benefits while an applicant is obtaining corroborative information. Once MassHealth determines eligibility, either MA-21 or HIX (as applicable) selects the insurance plan that is most beneficial for the applicant.

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## AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of MassHealth’s Springfield enrollment center for the period January 1, 2017 through December 31, 2018.

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 our audit objective, indicating the question we intended our audit to answer and the conclusion we reached regarding the objective.

Objective	Conclusion
1. Did the Springfield enrollment center verify the income of MassHealth walk-in applicants and revoke benefits from MassHealth members who were found not to be eligible according to Section 502.003 of Title 130 of the Code of Massachusetts Regulations?	Yes

### Methodology

We gained an understanding of the internal controls we deemed significant to our audit objective through inquiries. In addition, we performed the following procedures to obtain sufficient, appropriate audit evidence to address our audit objective.

- We selected a statistical, random sample of 176 out of 6,236 walk-in applicants from the audit period, using an expected error rate of 50%, a desired precision of 15%, and a confidence level of 95%, to determine whether MassHealth properly verified applicant income during the eligibility process. The expected error rate is the anticipated rate of occurrence of the error of members being placed in the wrong benefit plan; 50% is the most conservative. Desired precision is a measure of how precise the actual error rate is. Confidence level is the numerical measure of how confident one can be that the sample results reflect the results that would have been obtained if the entire population had been tested.
- To achieve our objective, we reviewed each applicant’s verified income and percentage of the federal poverty level used to determine eligibility. Once we determined the income used to decide eligibility, we reviewed recent paystubs, tax returns, or affidavits that had been

provided by applicants and scanned into MassHealth's MyWorkStation system (MWS). We also calculated each applicant's income based on the documentation provided and compared it to the income MassHealth used to determine eligibility.

- We requested and received wage information for the 176 applicants in our test sample from the Massachusetts Department of Revenue (DOR). Using the data provided by DOR, we verified that the income MassHealth used to determine eligibility did not exceed the amount DOR had on record.
- For applicants that MassHealth found not to be eligible for benefits based on income, we reviewed records in the agency's Medicaid Management Information System (MMIS) of all the services received, to verify that MassHealth had revoked benefits.
- From the sample of 176 applicants tested, we noted one exception. Although eligible, the applicant was placed in the wrong benefit plan. We did not report this exception as a finding, and the projected monetary value was below the expected error rate used in our sampling strategy.
- MassHealth gave us a list of all walk-in applicants from the Springfield enrollment center from January 1, 2017 through December 31, 2018, which it obtained from MWS. We performed validity and integrity tests on the data provided, including (1) testing for blank fields, (2) scanning for duplicate records, (3) testing each person who applied at the Springfield enrollment center, and (4) looking for dates outside the audit period. In addition, we tested a sample of the walk-in applicants to verify that the documentation (recent paystubs, tax returns, or affidavits from the applicant and/or the applicant's employer) was related to the name given to us by MassHealth, the number of pages matched what was in the system, and the Springfield enrollment center had received the documents. Based on these procedures, we determined that the data obtained were sufficiently reliable for the purposes of this report.
- In addition, we obtained data from MMIS for testing purposes. To test the reliability of these data, we relied on the work performed by OSA in a separate project that tested certain information system controls in MMIS. As part of that work, OSA reviewed existing information, tested selected system controls, and interviewed knowledgeable agency officials about the data. Additionally, we performed validity and integrity tests on all claim data, including (1) testing for blank fields, (2) scanning for duplicate records, (3) testing for dates outside the audit period, and (4) tracing a sample of claims queried to source documents. Based on these procedures, we determined that the data obtained were sufficiently reliable for the purposes of this report.

## Conclusion

Our audit revealed no significant instances of noncompliance that must be reported under generally accepted government auditing standards.