

FACT SHEET | Differences in Eligibility Determination Methodology

The methodology used by the Office of the Legislative Auditor (OLA) to determine eligibility is different than the methods the Minnesota Department of Human Services (DHS) is required to follow to comply with Federal law. The methodology used by the OLA in the audit has 3 main differences:

- 1) **COMPARING DIFFERENT ELIGIBILITY STANDARDS.** The OLA compared DHS to different standards than the federal and state law which DHS is required to follow. For example, the OLA used income sources that were not available at the time eligibility was actually determined by DHS (DEED wage data and income tax data—both are retrospective). DHS determines eligibility at a point in time and uses the most recent information available under state and federal laws.
- 2) **OLA USED EXTERNAL DATA SOURCES UNAVAILABLE TO DHS.** The OLA used data from external sources to determine ineligibility without the additional step of allowing applicants and enrollees the opportunity to explain any difference between their attested income and household composition and the information from external sources. This step is required by federal regulations.
- 3) **OLA PULLED FROM A NARROWER SAMPLE THAN THE PUBLIC PROGRAM POPULATION.** The sample drawn by the OLA is only from cases that applied or were due for renewal during the sampling period. For instance it was weighted far more towards MinnesotaCare than is actually represented in the population of public programs.

DHS USES A FEDERALLY RECOGNIZED ELIGIBILITY DETERMINATION METHOD. DHS uses Payment Error Rate Measurement (PERM) audits to evaluate the accuracy of eligibility. This is the federal standard for measuring payment error rates. PERM analysis from the last year (Oct 1, 2014 through September 30, 2015) shows 1% of DHS' public program enrollees as ineligible for any public program.

CONCERNS WITH THE OLA'S FINDINGS. DHS reviewed 52 cases and identified 12 cases with 9 different issues. In addition, in two of these cases, the OLA made determinations based on self-employment information that DHS does not have the authority to view, and that it is not required by law to review.

DHS DOES NOT HAVE ACCESS TO THE EXTERNAL DATA THE OLA USED. The OLA acknowledges that not all of the data they used to determine eligibility for their sample can be shared with DHS, including Federal Tax Information. Without that data, DHS will only be able to review some of the OLA's eligibility determinations.

Comparison of OLA and PERM Audits

	OLA Audit	PERM Audit	Comments
Sample	<ul style="list-style-type: none"> • 99 cases • Jan. to March 2015 • MA and MinnesotaCare cases on METS • Applied during sample period or were due for renewal • Active cases - 	<ul style="list-style-type: none"> • 128 cases • Oct. 2104 to March 2015 • All MinnesotaCare and MA (MAGI and non-MAGI) • Applicant cases and renewals • Active and negative cases (terminations and denials) 	<ul style="list-style-type: none"> • The OLA sample represents cases in METS, the target of their audit • The PERM sample better represents eligibility accuracy across public programs
Standard for determining accuracy of eligibility determination	Not clear for income. OLA compared their calculation of income to standards in law, but did not follow the law on how an income attestation is processed. Used income sources not available at the time of eligibility determination.	State and federal law. Examines whether correct information was used and eligibility was processed correctly based on state and federal law	The OLA approach does not measure accuracy against the laws DHS must follow for eligibility determination
Methodology	Used DEED wage data (from 1 st quarter of 2015), DEED unemployment insurance data, and Dept. of Revenue non-wage data (from 2014) to calculate income eligibility. Reviewed other eligibility documents (birth certificates, driver's license, etc.) in case file	Full review of case, system and worker actions: verify system calculations, verify data used, data entry, timeliness, notices, case transfers and more	PERM audit is a more complete review of the case actions – system and case worker. Harder to tell which items were reviewed by OLA.
Findings	38% error in eligibility: <ul style="list-style-type: none"> • 10% in wrong public program • 28% not eligible for any public program 	16% error rate: <ul style="list-style-type: none"> • 1.6% in wrong public program • 0.8% not eligible for any program • 1.6% left in program after closure • 3.9% improper terminations/denials • Remaining errors impacted the timeliness of benefits 	