DEPARTMENT OF HUMAN SERVICES

Activities of the State Medical Review Team Fiscal Year 2016

Health Care Eligibility and Access

February 2017

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is $3,915.

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I. Executive summary

The Minnesota Department of Human Services' State Medical Review Team (SMRT) disability certification establishes a basis of eligibility for Medical Assistance (MA), Minnesota's Medicaid program. Counties submit referrals to SMRT on behalf of their clients when a disability certification is necessary. The SMRT completes disability determinations according to criteria defined by the Social Security Administration (SSA).

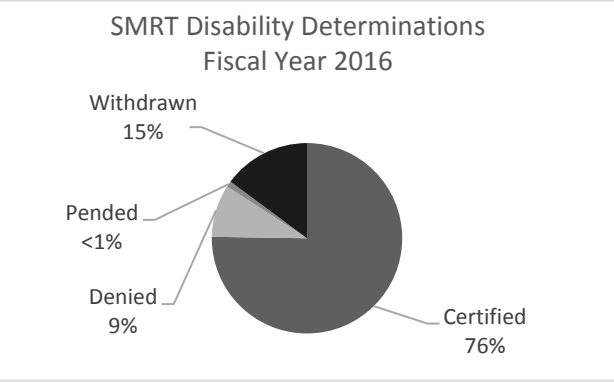
For clients who meet the SSA criteria, the SMRT certifies disability for a period of one to seven years. At the end of the certification period, the SMRT examines new medical evidence to determine whether the client's impairment has improved. In fiscal year 2016, 23 percent of disability determinations were Continuing Disability Reviews (CDR).

The SMRT received 5,001 referrals in fiscal year 2016:

- The average SMRT client was 25 years old, younger than in fiscal year 2015.
- 71% did not have coverage at referral.
- 29% had an active application for SSA disability benefits.
- 14% were in the hospital right before they were referred to SMRT.

SMRT referrals result in a certification or denial, although a few remain pending while the SMRT obtains medical evidence to make a determination. Some clients withdraw referrals.

The average length of time from referral to a decision increased from fiscal year 2015 to 98 days.

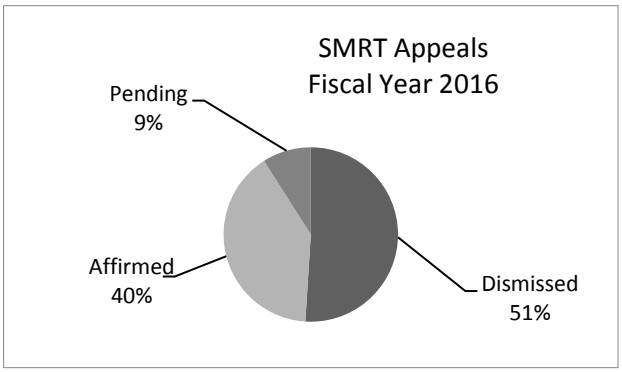


Of the 5,001 2016 referrals, the SMRT

- certified 3,813 (76 percent)
- denied 440 (9 percent)
- pended 21 (less than 1 percent)

Clients withdrew 727 referrals (15 percent).

Of the 440 denials, 53 (12 percent) were appealed. The state appeals office ruled on these appeals as follows:



- 27 were dismissed (51 percent)
- 21 were affirmed (40 percent)
- 5 are pending (9 percent)
- 0 were overturned (0 percent)

The average length of time from DHS receipt of an appeal request to a decision was **97 days**.

II. Legislation

Minnesota Statutes, section 256.01, subdivision 29(c) mandates this Legislative Report.

> (c) The commissioner shall provide the chairs of the legislative committees with jurisdiction over health and human services finance and budget the following information on the activities of the state medical review team by February 1 of each year:
>
> 1) the number of applications to the state medical review team that were denied, approved or withdrawn;
>
> 2) the average length of time from receipt of the application to a decision;
>
> 3) the number of appeals, appeal results and the length of time taken from the date the person involved requested an appeal for a written decision to be made on each appeal;
>
> 4) for applicants, their age, health coverage at the time of application, hospitalization history within three months of application and whether an application for Social Security or Supplemental Security Income benefits is pending; and
>
> 5) specific information on the medical certification, licensure or other credentials of the person or persons performing the medical review determinations and length of time in that position.

III. Introduction

This report was prepared in response to a mandate under Minnesota Statutes, section 256.01, subdivision 29(c). This report lays out the results of the data requested by statute. It includes a brief background to familiarize the reader with the disability determination process and an explanation as to why data may vary from previous years.

- It includes fiscal year data for activities performed by the Department of Human Services (DHS) SMRT and Appeals & Regulations.
- SMRT staff compiled and wrote this report with input from data specialists in the DHS Health Care Research and Quality and the Appeals & Regulations Divisions.
- Staff met in November and December to isolate the data, address discrepancies, and interpret and present the results.
- The cost to produce this report was $3,915.

IV. Background

The SMRT performs disability determinations for Minnesotans up to age 65 based on criteria defined by the SSA. The Code of Federal Regulations, Title 42, Chapter IV, Subchapter c, Part 435, Subpart F, section 435.541 authorizes states to create medical review teams to perform disability determinations for Medicaid eligibility.

SMRT functions parallel the disability determination process SSA uses. The SSA does not recognize a SMRT determination, so it cannot result in eligibility in any federally administered program.

Social Security Administration Process

SSA criteria for a disability determination follows a five-step process designed to determine how an applicant's physical and/or mental condition affects their ability to work or perform activities of daily living. The five steps are:

1. Financial screens.
2. A medical screen to deny applicants without a severe impairment.
3. A medical screen to allow applicants who are the most severely disabled.
4. Can severely impaired applicants work in their past jobs?
5. Can severely impaired applicants do other work in the national economy?

Impairment-related medical evidence is required for a disability determination. Children applying for MA services under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) option also must demonstrate that their condition(s) require the same level of care as provided in a residential facility, hospital or nursing home.

The SMRT Process

1. Counties submit referrals to SMRT on behalf of MA applicants and clients.
2. SMRT mails the client information on SMRT and the process and assigns a case manager.
3. The case manager interviews the client, determines what medical evidence they need, requests medical records from providers, sets up exams and works the case until a decision is made.
4. SMRT case managers make most disability decisions. They escalate cases to a medical professional for a decision when necessary. This allows for a case decision at the earliest possible point in the determination process.
5. Case managers repeatedly attempt to contact a client by phone and mail or through social workers or others. If a client does not respond after 60 days, the case is determined using the evidence on file or denied for insufficient information if there is insufficient evidence on file.
6. A SMRT certification establishes a basis of eligibility for MA, including waiver programs, TEFRA and Medical Assistance for Employed Persons with Disabilities (MA-EPD).

7. The SMRT mails results to the client and faxes them to the referring county.

Certifications are valid for at least one year and up to seven years depending on the severity and permanence of the disability. Under the TEFRA option, the SMRT can certify children for up to four years.

At the end of the certification period, the SMRT may complete a CDR. Following SSA criteria, SMRT collects and examines current medical evidence to determine whether the severity of the client's impairment has improved since their last review. In fiscal year 2016, 23 percent of all disability determinations were CDRs.

V. Methodology

The data used in this report came from three sources:

1. SMRT case management system
2. The state's data warehouse, specifically the Medicaid Management Information System (MMIS) and MAXIS. MMIS is the claims payment system and MAXIS is the legacy eligibility system.
3. DHS Appeals and Regulations database

The SMRT case management system tracks the status of a referral from the date received to the date a disability or appeal decision is made. It records personal information about a client including name, age, state identifiers and the program they applied for.

Data from the SMRT case management system is searchable via query in Crystal Reports, cross-checked against original documents and matched against data from MMIS and MAXIS through the state's data warehouse.

DHS staff analyzed referrals and appeals received from July 1, 2015, through June 30, 2016, through to their completion, including case decisions made after the date range. SMRT appeals data was cross-matched with data from the state's appeals database.

A SMRT data specialist extracted data from the SMRT case management system on December 12, 2016. This data was sufficient to complete the statutory requirements in paragraphs (1) and (2); the number of appeals, appeal results, and the length of time from appeal request to written decision in paragraph (3); and the age requirement in paragraph (4).

Data from the state's data warehouse, specifically MMIS and MAXIS was sufficient to complete the remaining statutory requirements in paragraph (4). A data specialist from DHS' Health Care Research and Quality Division extracted the following data from the state's data warehouse on December 14, 2016:

- Health coverage at the time of application;
- Hospitalization history within three months of application; and
- Whether an application for Social Security Supplemental Security Income benefits was pending.

SMRT staff provided the information listed in statute under paragraph (5) regarding the qualifications and experience of the staff and medical professionals who perform the determinations.

VI. Report Results

A. Historical Results

This chart depicts SMRT referrals for the **last five fiscal years.** The rise and fall of referrals is usually the result of policy and systems changes that occur within that fiscal year.

Fiscal Year	Number of SMRT referrals	Change from Previous Fiscal Year
2012	8,356	
2013	8,865	+ 6%
2014	6,700	- 24%
2015	5,365	- 20%
2016	5,001	-7%

In fiscal year 2014, with the implementation of the Affordable Care Act (ACA), SMRT saw a significant decrease in referrals. The ACA allows at state option, a new Medicaid basis of eligibility for non-disabled adults. Adults without children are adults between the ages of 21 and 64, who are not parents or caretakers of children under age 19. Minnesota elected this state option and implemented it effective March 1, 2011, for adults without children whose income did not exceed 75% of the federal poverty level (FPL). Prior to this, these adults required a disability certification in order to qualify for MA. Effective January 1, 2014, the MA income standard for adults without children was raised to 133% FPL. The increase in the income standard meant that fewer adults sought disability determinations in fiscal year 2015. In fiscal year 2016 with no major policy changes, referrals appear to have leveled off.

Although the chart shows a decrease in the overall numbers of referrals in 2015 and 2016, there were several other changes that contributed to an increase in SMRT's overall workload and production.

Included with the implementation of the ACA were new Medicaid eligibility rules that included a new Medicaid coverage group for non-disabled adults under age 65. At the same time, a new eligibility system was put in place for public programs. These changes impacted SMRT in a number of ways. For example, the new eligibility system did not correctly generate tasks associated with potential referrals to SMRT. At the same time, county financial workers were confused by new rules on who to refer to SMRT. As a result, a large number of the referrals submitted were not necessary. In January 2015, the task function was fixed in the new system and counties processed over 5,000 "potential SMRT referral" tasks. This increased the number of unnecessary referrals and, because they were all processed in a short timeframe, caused a significant delay in SMRT case processing times.

To counteract the delays caused by the new rules and new system, counties submitted cases as expedited case referrals. Expedited case referrals are intended only for a small group of individuals whose impairment and/or circumstances require SMRT to process their cases faster than the average case. SMRT screens expedited cases to ensure it meets expedited criteria. The increased number of expedited cases required SMRT to spend more time screening potential expedited cases.

To help alleviate confusion among county workers, SMRT created a new referral form outlining cases that are appropriate for a SMRT referral, created a more detailed explanation of expedited case criteria, and trained county workers at the Financial Worker conference in October 2015.

During this same period, SMRT began developing and testing a new case management system. The new case management system is designed to streamline the SMRT referral process making it as efficient as possible. SMRT staff have had to train in the new case management system and continually test, adjust and retest functions to make sure that the new case management system meets current and future needs. While necessary, the work in the new case management system has also increased SMRT staff workload.

In fiscal year 2016, SMRT rolled the new case management system out to county workers statewide. As counties began using the new case management system to refer individuals, referrals began to stabilize. At the close of fiscal year 2016, referrals returned to a more consistent and predictable level.

B. Individual Report Results

Statute
The commissioner shall provide … the following information on the activities of the state

medical review team:

(1) the number of applications to the State Medical Review Team that were denied, approved or withdrawn;

In fiscal year 2016, the SMRT received a total of **5,001 referrals**. Of the 5,001 referrals, 3,827 or 77 percent were new cases and 1,174 or 23 percent were CDRs.

There are four outcome categories for a SMRT referral.

1. **Certified:** medical evidence shows the applicant is disabled according to SSA criteria.
2. **Denied:** medical evidence shows the applicant is not disabled according to SSA criteria.
3. **Withdrawn:** the referral was received, but no final determination was made.[1]
4. **Pending:** the case was still pending or under review at the time the data was pulled.

Outcome	Number	Percent
Certified	3,813	76%
Denied	440	9%
Withdrawn	727	15%
Pending	21	Less than 1%

Statute
The commissioner shall provide … the following information on the activities of the state medical review team:

[1] In some cases, if a person became eligible for Social Security Income (SSI) or Retirement Survivors Disability Income (RSDI), the SMRT withdrew the case because a SMRT determination was no longer necessary.

(2) The average length of time from receipt of the application to a decision:

For this report, SMRT staff

- calculated length of time in calendar days.
- defined “receipt of application” date as the date the county faxed the referral to SMRT.
- defined “decision” as the date of certification or denial.

For all SMRT referrals in fiscal year 2016, the average time from receipt of the referral to a disability decision was **98 days.**

Statute
The commissioner shall provide … the following information on the activities of the state medical review team:

(1) the number of applications to the state medical review team that were denied, approved, or withdrawn;

(3) the number of appeals, appeal results, and the length of time taken from the date the person involved requested an appeal for a written decision to be made on each appeal;

The Appeals Office received **53 appeals** on cases received by SMRT in fiscal year 2016.

There are four possible outcomes of appeals:

1. **Dismissed:** the DHS Appeals Office dismissed the appeal. In most dismissals, additional information was received and the case was returned to SMRT for a determination.

2. **Affirm:** The DHS Appeals Office conducted a fair hearing and agreed with the original SMRT denial.

3. **Overturned:** The DHS Appeals Office conducted a fair hearing and disagreed with the original SMRT denial, resulting in a disability certification.

4. **Pending:** The appeal was still pending as of the date the data was pulled.

SMRT appeals outcomes

Result	Number	Percent
Dismissed	27	51%
Affirm	21	40%
Overturned	0	0
Pending	5	9%

The average length of time from the appeal request to an appeal decision was **97 days.** On average, appeals that went to hearing took **121 days**.

For this report, SMRT staff:

- calculated length of time in calendar days with time credited when the appeal hearing is continued or appeal record held open for the appellant's benefit;

- defined the "date filed" as the date the Appeals office received the appeals request; and

- defined the "date closed" as the date the order was signed off on by the chief Human Services Judge.

Statute
The commissioner shall provide … the following information on the activities of the state medical review team:

(4) for applicants, their age, health coverage at the time of application, hospitalization history within three months of application, and whether an application for Social Security or Supplemental Security Income benefits is pending.

"*Age*" is defined as the applicant's age on the date of application. In fiscal year 2016, the **average age** of a SMRT applicant **was 25.**

"*Health coverage at the time of application*" is defined as any known third-party liability insurance coverage on the date of application. Of **5,001 applicants, 1,653 or 33 percent,** had third-party liability insurance coverage on the date of application.

Third-party liability	Number	Percent of total
Yes	1,653	33%
No	2,944	59%
Unknown	404	8%

"*Hospitalization history within three months of application*" is defined as an inpatient admission associated with the applicant based on claims data available to DHS. Admissions to Skilled Nursing Facilities were not included. "Within three months of application" is defined as three months prior to the date of application to three months after the date of application. The numbers are listed separately for each three month period. An applicant may have had a hospitalization(s) in both the three months prior to and after the application date.

Of 5,001 applicants, **686 or 14 percent,** were hospitalized in the **3 months prior** to the date of application.

Hospitalized 3 months prior to application date	Number	Percent of total
Yes	686	14%
No	4,315	86%

Of 5,001 applicants, **432 or 9 percent** were hospitalized in the **3 months after** the date of application.

Hospitalized 3 months after to application date	Number	Percent of total
Yes	432	9%
No	4,569	91%

"Whether an application for Social Security or Supplemental Security Income benefits is pending" is based only on data available in the DHS data warehouse. The data was filtered to isolate SMRT applicants who had applied for SSI and/or RSDI, and then filtered again to include only applicants whose status was listed as "appealing," "denied," "eligible," or "pending."

Of 5,001 applicants, **1,467 or 29 percent**, had an application for SSI or RSDI pending with the SSA, on the date they applied.

Statute
The commissioner shall provide … the following information on the activities of the state medical review team:

(5) specific information on the medical certification, licensure, or other credentials of the person or person performing the medical review determinations and length of time in that position.

The following qualified staff and medical professionals performed medical review determinations for SMRT in fiscal year 2016:

- MD – 22 years with Social Security and 4 years with SMRT.
- Clinical Reviewer – 13 years with Social Security and 1 year with SMRT.
- Appeals Attorney -11 years of Social Security disability law and policy and 4 years with SMRT.
- 10 disability case managers – 69 combined years with Social Security and 33 years with SMRT.

These professionals have **157 combined years of experience** performing Social Security disability reviews for Social Security and the SMRT.

VII. Summary

In 2014, SMRT implemented continuous improvement strategies. Beginning January 2014, counties no longer collected forms and medical evidence prior to submitting a referral to SMRT. This eliminated the significant waiting periods clients experienced before SMRT even received a referral and allowed for the accurate reporting of the total time it took to process a case. It also transferred the responsibility of collecting records to SMRT which increased the number of days from a referral to a decision.

Although SMRT saw a decrease in the number of referrals for 2015, several factors, including the timing for which referrals were received, increased county confusion, and new system developments caused an increase in the workload for SMRT.

Additional SMRT efforts in fiscal year 2015 to simplify forms, increase contacts with clients and have case managers make disability decisions earlier in the process reduced processing times, improved data accuracy and improved the overall client experience.

In January 2016, SMRT deployed a new case management system. Over the next six months, SMRT staff used and refined system processes while implementing a statewide phased roll out of the system to county workers. The new system provides an automated referral process and easy access for county workers to check the status of a case.

While the successful implementation of this new system was a big achievement for DHS and SMRT, SMRT workloads remained high throughout the process. In fiscal year 2017, efforts will continue as SMRT expands system access to providers, navigators and clients and view only access to county social services and other areas.