



Legislative Report

Activities of the State Medical Review Team 2020

**Health Care Eligibility and Access
Division**

February 2021

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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 \$792.00.

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Contents

- I. Executive summary..... 4
- II. Legislation..... 6
- III. Introduction..... 6
- IV. Background..... 7
- V. Methodology..... 9
- VI. Report results..... 10

I. Executive summary

The Minnesota Department of Human Services' State Medical Review Team (SMRT) makes disability certifications that establish 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 disability criteria defined by the Social Security Administration (SSA).

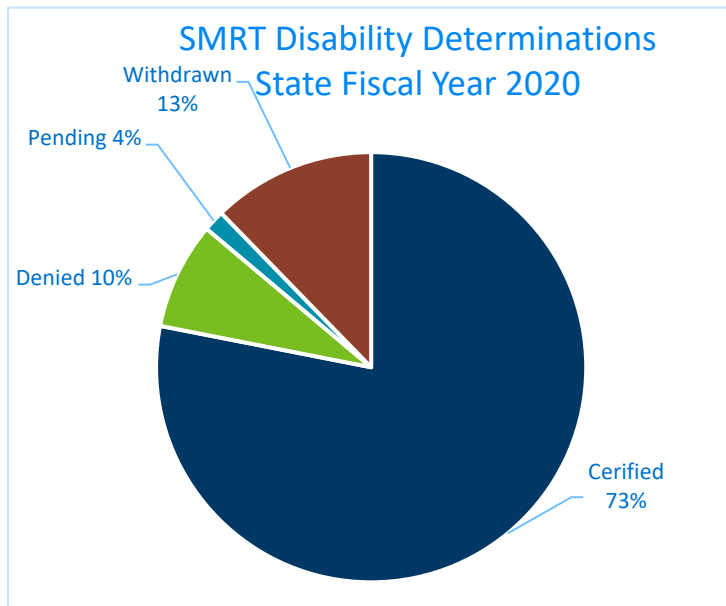
SSA criteria allows SMRT to certify disability for a period of one to seven years. At the end of the certification period, SMRT examines updated medical evidence to determine whether the client's medical condition has improved. In state fiscal year (SFY) 2020, 25% of SMRT disability determinations were Continuing Disability Reviews (CDR).

The SMRT received 6,928 referrals in SFY 2020, which reflected the following:

- The average SMRT client was 27 years old.
- 65% did not have health care coverage at the time of referral.
- 31% had an active application for SSA disability benefits.
- 14% were in the hospital in the three months before they were referred to SMRT.

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

The average length of time from referral to a decision was 116 days.



Of the 6,928 referrals in SFY 2020, the SMRT outcomes were as follows:

- certified 5,066 (73%);
- denied 692 (10%);
- referrals pending decision 282 (4%); and
- clients withdrew 888 referrals (13%).

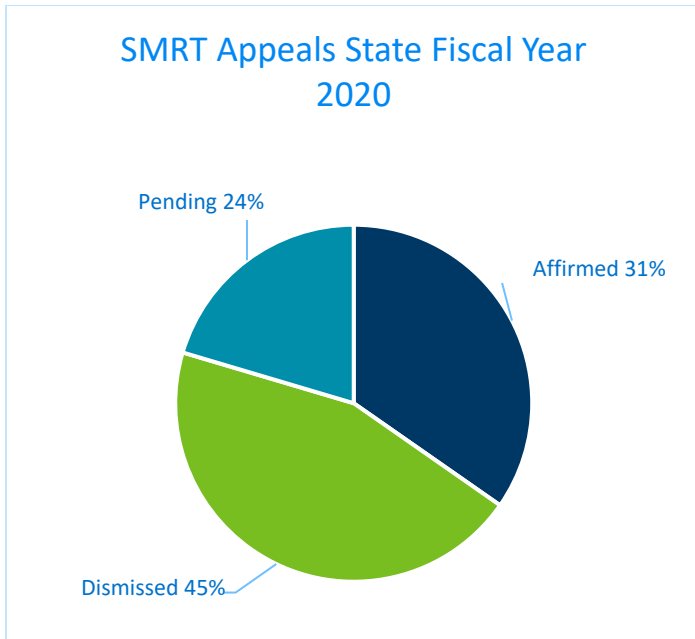
Clients who disagree with a SMRT disability denial have the right to appeal the decision to the DHS Appeals Division. A human services judge (HSJ) schedules an administrative hearing allowing both the client and SMRT to present their case. The HSJ issues a final decision where a number of outcomes may occur:

- Affirm: The HSJ agrees that the SMRT denial was appropriate and affirms the decision.
- Overturn: The HSJ disagrees with the SMRT denial and overturns the decision in favor of the client.
- Dismiss: The HSJ dismisses the client's appeal because the client did not appear for the hearing, or the case was resolved in the client's favor due to additional information SMRT received as part of the appeal.

Of the 692 referrals that were denied, 42 (about 6%) were appealed. The DHS Appeals Division ruled on these appeals as follows:

- 19 dismissed (45%);
- 13 affirmed (31%);
- 0 overturned (0%); and
- 10 pending (24%).

Pending cases are in the appeal process and have not had a final decision issued by the HSJ. The average length of time from DHS receipt of an appeal request to a decision was 81 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 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 staff.
- SMRT staff compiled and wrote this report with input from data specialists in the DHS Health Care Research and Quality and the Appeals 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 \$792.00.

IV. Background

The SMRT performs disability determinations for Minnesotans based on criteria specified by the SSA. The Code of Federal Regulations, Title 42, Chapter IV, Subchapter C, Part 435, Subpart F, Section 435.541 provides requirements for the function and composition of state disability review teams as well as for periodic reexaminations of disability for Medicaid eligibility.

SMRT functions parallel to the disability determination process used by SSA. The SSA does not recognize a SMRT disability determination, so it cannot result in eligibility for 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 to identify applicants who work and are engaged in substantial gainful activity (SGA). To be eligible for benefits, a person cannot receive employment income that is greater than the monthly SGA amounts. The SGA figures for calendar years 2019 and 2020 are listed below since the state fiscal year (SFY) 2020 crosses portions of both calendar years. A person engaged in SGA is not eligible for Social Security disability benefits.

Monthly Substantial Gainful Activity (SGA) Amounts by Disability Type

Year	Blind	Non-blind
2019	\$2,040	\$1,220
2020	\$2,119	\$1,260

2. A medical screen to determine whether applicants have a severe impairment.
3. A medical screen to determine whether applicants have a severe impairment or combination of impairments that meet or equal the SSA Child or Adult Medical Listings. Applicants that meet or equal a listing are allowed without further evaluation.
4. A determination of an individual's residual functional capacity (RFC) and finding regarding that individual's ability to return to their past relevant work. A person's RFC is his or her ability to do physical and mental work activities on a sustained basis despite limitations from their impairments.
5. A determination whether an individual is able to perform other work in the national economy considering the person's RFC, age, education, and work experience.

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 hospital, nursing facility, or intermediate care facility for persons with developmental disabilities. SSA does not make TEFRA level of care determinations. These are done by the SMRT. Children who are certified disabled by SSA still require a level of care determination from the SMRT.

The SMRT Process

1. Counties submit referrals to SMRT on behalf of MA applicants and enrollees who need an MA determination based on disability.
2. SMRT mails the client information on the SMRT process and the case is assigned to a SMRT disability analyst.
3. The disability analyst interviews the client, determines what medical evidence they need, requests medical records from providers, and sets-up medical exams if necessary.
4. SMRT case specialists capture and index all medical evidence received by fax and mail.
5. SMRT disability analysts make most disability decisions and follow an escalation protocol for complex cases. This allows for a case decision at the earliest possible point in the determination process.
6. SMRT case specialists screen cases nearing a certification end date to determine if a Continuing Disability Review (CDR) is needed and generate a referral when necessary.
7. SMRT disability analysts make multiple attempts to contact a client by phone and mail. This includes reaching out to any third parties SMRT is authorized to contact on behalf of the client. Once a reasonable effort has been made to develop the record, a decision is made based on the evidence on file. This can result in a denial for insufficient evidence if clients do not respond to attempts to contact them and develop the record.
8. SMRT mails the disability decision to the client and faxes it to the county that submitted the referral.

A SMRT certification of disability establishes a basis of eligibility for MA, including Home and Community Based waiver programs, TEFRA and Medical Assistance for Employed Persons with Disabilities (MA-EPD). It also allows individuals to be excluded from MA managed care or voluntarily enroll in Special Needs Basic Care (SNBC). A SMRT certification of disability also gives people access to the Family Support Grant (FSG), which provides state cash grants to families of children with certified disabilities. Certifications are valid for one year or up to seven years, depending on the nature and severity of the disability. Under the TEFRA option, SMRT can certify children for up to four years.

At the end of the certification period, 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 2020, 25% of disability determinations were CDRs.

Due to the public health threat posed by COVID-19, Governor Walz declared a peacetime emergency on March 13, 2020. DHS health care programs serve over a million Minnesotans, including many who are especially vulnerable to the impacts of COVID-19 such as older adults, individuals who have disabilities, families with children, and individuals with mental illness. Maintaining their health care coverage is particularly important at this time to stop the spread of the virus and to ensure that residents have access to necessary COVID-19 testing and treatment. During the public health emergency, SMRT prioritized new referrals for initial disability determinations over CDR's to ensure that lack of a disability certification was not an obstacle to obtaining health care eligibility.

V. Methodology

The data used in this report came from two sources:

1. The SMRT case management system; and
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.

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 for which they applied.

Data from the SMRT case management system is searched via query in Crystal Reports, a tool for extracting reports out of the data warehouse, 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, 2019, through June 30, 2020, through to their completion, including case decisions made after the date range.

A SMRT data specialist extracted data from the SMRT case management system on November 6, 2020. These data were sufficient to complete the statutory requirements in Minnesota Statute Section 256.01, Subd. 29 (c) paragraphs (1) and (2); the number of applications to SMRT that were denied, approved, or withdrawn, and the length of time from receipt of application to a decision; 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, were 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 November 10, 2020:

- 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. Results

A. Historical Results

This chart depicts the number of SMRT referrals for the **last four state fiscal years**. The rise and fall of referrals usually result from policy and systems changes that occur within and across fiscal years.

Fiscal Year	Number of SMRT referrals	Change from Previous Fiscal Year
2017	6,840	+37%
2018	7,200	+5%
2019	7,104	-1.3%
2020	6,928	-2.5%

SFY 2017 saw a dramatic increase in referrals. One factor driving this increase was a legislative change that caused the number of Community Access for Disability Inclusion (CADI) applications to grow. A significant number of MA enrollees are disability waiver program recipients. Individuals must have a certification of disability from SMRT or SSA to access disability waiver services. People seeking access to the disability waivers currently account for over 50% of SMRT referrals. Notably, the CADI waiver has the largest enrollment of all the disability waivers. The legislature removed the cap on enrollment for the CADI waiver during the 2015-2016 biennium, which resulted in a significant increase in CADI waiver recipients.¹ CADI waiver recipient enrollment increased 25% from SFY 2016 through SFY 2018. Monthly average CADI waiver recipient enrollment is projected to increase through SFY 2025.²

Another factor contributing to the increase in referrals relates to the continuing disability review process. In 2017, SMRT took over the process of initiating the referral for a continuing disability review from the counties. This eliminated issues in the continuing disability review process at the county level that delayed case processing. As referrals increased there was a correlated increase over time in continuing disability reviews.

SMRT referrals in SFY 2020 decreased 2.5% from SFY 2019. This drop is likely due to Minnesota's response to the COVID-19 emergency.

Governor Walz signed [Emergency Executive Order 20-12](#) on March 20, 2020, to ensure that critical services were maintained during the peacetime emergency. This executive order gave the Commissioner of Human Services flexibility to temporarily waive or modify laws and regulations that govern DHS programs, including Medical Assistance. Pursuant to this order, the Commissioner continued enrollment in public health care programs effective March 18, 2020, through the end of the month in which the national public health emergency ends. This temporary modification to MA eligibility and enrollment ensures that no one enrolled in MA on or after March 18, 2020, loses coverage during the pandemic unless the enrollee requests that their coverage end, moved out of state, or died. This change resulted in the reduced number of SMRT referrals in SFY 2020.

The November 2020 Expenditure Forecast projected disabled basic enrollment for MA and disability waiver enrollment will continue to increase through SFY 2025.³ Therefore, SMRT expects referral levels to return to pre-COVID-19 levels after the public health emergency ends.

B. Individual Results

Minnesota Statutes, section 256.01, subdivision 29(c) states:

¹ [DSD Legislative Report: Disability Waiver Financial Management and Waiting Lists: December 2017](#) , page 9

² Department of Human Services, Reports and Forecasts Division, November 2020 Background Forecast Table B3: Disabled Waiver (CADI)

³ Department of Human Services, Reports and Forecasts Division, November 2020 Background Forecast Table C: Total for Aged and Disabled Basic Care; Table B3: Community Access for Disability Inclusion waiver (CADI); Table B4: Community Alternative Care Waiver (CAC).

c) 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 SFY 2020, the SMRT received a total of **6,928 referrals**. Of the 6,928 referrals, 5,205 or 75% were new cases and 1,723 or 25% were Continuing Disability Reviews (CDR).

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.
4. **Pending:** the case was still pending or under review at the time the data was pulled.

SMRT referrals outcomes SFY 2020

Outcome	Number	Percent of total
Certified	5,066	73%
Denied	692	10%
Withdrawn	888	13%
Pending	282	4%

Minnesota Statutes, section 256.01, subdivision 29(c) states:

c) The commissioner shall provide ... the following information on the activities of the state medical review team ... :

- 2) the average length of time from receipt of the application to a decision

For this report, SMRT staff took the following steps:

- calculated length of time in calendar days;

- defined “receipt of application” date as the date SMRT received the referral from the county or tribal financial worker; and
- defined “decision” as the date of certification or denial.

For all SMRT referrals in SFY 2020, the average time from receipt of the referral to a disability decision was **116 days**.

Minnesota Statutes, section 256.01, subdivision 29(c) states:

- c) The commissioner shall provide ... the following information on the activities of the state medical review team ... :
 - 3) the number of appeals, appeal results and length of time taken from the date the person involved requested an appeal for a written decision to be made on each appeal

The DHS Appeals Division received **42 appeals** on cases that SMRT denied in SFY 2020. There are four possible outcomes of appeals:

1. **Dismissed:** the DHS Appeals Division dismissed the appeal. In most dismissals, additional information was received and the case was returned to SMRT for a determination.
2. **Affirmed:** The DHS Appeals Division conducted a fair hearing and agreed with the original SMRT denial.
3. **Overtured:** The DHS Appeals Division 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 were pulled.

SMRT appeals outcomes SFY 2020

Result	Number	Percent of total
Dismissed	19	45%
Affirmed	13	31%
Overtured	0	0%
Pending	10	24%

The average length of time from the appeal request to an appeal decision was **81 days**.

For this report, SMRT staff took the following steps:

- calculated length of time in calendar days with time credited when the appeal hearing was continued or the appeal record was held open for the appellant’s benefit;
- defined the “date filed” as the date the DHS Appeals Division received the appeals request; and
- defined the “date closed” as the date the order was signed off on by the Chief Human Services Judge.

Minnesota Statutes, section 256.01, subdivision 29(c) states:

- c) The commissioner shall provide ... the following information on the activities of the state medical review team ... :
 - 3) 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 SFY 2020, the **average age** of a SMRT applicant **was 27**.

“Health coverage at the time of application” is defined as any known third-party liability insurance coverage on the date of application. Of **6,928 applicants, 1,743 or 25%**, had third-party liability insurance coverage on the date of application.

Third-party liability	Number	Percent of total
Yes	1,743	25%
No	4,479	65%
Unknown	706	10%

“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 6,928 applicants, **936 or 14%**, were hospitalized in the **3 months prior** to the date of application.

Hospitalized 3 months prior to application date	Number	Percent of total
Yes	936	14%
No	5,992	86%

Of 6,928 applicants, **561 or 8%** were hospitalized in the **3 months after** the date of application.

Hospitalized 3 months after application date	Number	Percent of total
Yes	561	8%
No	6,367	92%

“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 were filtered to isolate SMRT applicants who had applied for Supplemental Security Income (SSI) and/or Retirement, Survivors, and Disability Insurance (RSDI), and then filtered again to include only applicants whose status was listed as “appealing,” “denied,” “eligible,” or “pending.” Of 6,928 applicants, **2,147 or 31%** had an application for SSI or RSDI pending with the Social Security Administration on the date they applied.

Minnesota Statutes, section 256.01, subdivision 29(c) states:

- c) 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 persons performing the medical review determinations and length of time in that position.

The following qualified staff performed medical review determinations for SMRT in SFY 2020:

- Clinical Reviewer: 13 years with Social Security disability reviews and five years with SMRT.
- Appeals Specialist: nine years of Social Security disability law and policy and two years with SMRT.
- 11 Disability Analysts: 85 combined years with Social Security disability reviews and 46 years with SMRT.

These professionals have **160 combined years of experience** performing Social Security disability reviews.