

Report in Response to

**PL 116-94: Further Consolidated Appropriations Act,
2020:(133 STAT 3110), Division N, Title 1, Subtitle B,
§202(A)(iv) MEQC**

**Develop Medicaid Eligibility Quality Control (MEQC)
Plan**

**Government of Puerto Rico
Office of the Governor**

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GOVERNMENT OF PUERTO RICO
OFFICE OF THE GOVERNOR

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1. EXECUTIVE SUMMARY

Congressional Requirement

On December 16, 2019, the U.S. Congress came to a bipartisan agreement on 12 appropriation packages. On December 17, 2019, the House passed H.R. 1865 with a vote of 297-120; this bill became Public Law 116-94 on December 20, 2019.

On behalf of the Puerto Rico Government and the agencies that oversee the delivery of Medicaid and Children's Health Insurance Program (CHIP) services, including the Puerto Rico Department of Health (PRDOH), Medicaid and the Puerto Rico Health Insurance Administration (PRHIA), thank you for this opportunity to report on Puerto Rico's progress towards compliance with the conditions and requirements set forth in *P.L. 116-94: Division N, Title 1, Subtitle B, (133 STAT 3110) - §202(A)(iv) – MEQC*. The requirement within the law reads as follows:

MEQC – Not later than 18 months after the date of the enactment of this paragraph, Puerto Rico shall publish a plan, developed by Puerto Rico in coordination with the Administrator of Center for Medicare and Medicaid Services (CMS), and approved by the Administrator, for how Puerto Rico will comply with the Medicaid Eligibility Quality Control (MEQC) requirements of Subpart P of Part 431 of Title 42 CFR or any Successor regulation.

This report provides the Government of Puerto Rico's response to comply with the specific requirement listed above. For the purposes of this report submission and related reports, this requirement is hereinafter referred to in our documents as: **Requirement 4 – Review Medicaid Eligibility Quality Control (MEQC)**¹

Puerto Rico's Response to Congressional Requirement

In response to this requirement as outlined above, Puerto Rico has made significant strides to review and prepare the current MEQC team for full participation in the Federal MEQC program. Although Puerto Rico has not historically participated in the Federal program, Puerto Rico has well established MEQC procedures that will help ensure a smooth transition. The remainder of this report summarizes the current state of the program, including our current MEQC policies and procedures. We will also outline our staffing and implementation plan for full participation.

This report includes the following sections with regards to the MEQC program:

- a. **Differences in Medicaid Program Funding between Puerto Rico and the Other States and Territories:** Under the Social Security Act (the Act) the territories are considered states for the purposes of Medicaid and CHIP, unless otherwise indicated (§ 1101(a)(1) of the Act). However, Medicaid Programs in the U.S. territories differ from Medicaid programs in the 50 states and the District of Columbia in several aspects. The most notable difference is the funding structure and the federal medical assistance percentage (FMAP).

The territorial Medicaid programs receive capped funding from the federal government, as opposed to the open-ended funding structure of state Medicaid programs. Under this structure, the federal government provides matching funds to each territory for Medicaid expenditures

¹ PL 116-94: Further Consolidated Appropriations Act, 2020:(133 STAT 3110), Division N, Title 1, Subtitle B, §202(A)(iv)

up to a cap. Once a territory reaches its cap, no additional federal funds are available, and the territory must fund their programs using only territorial funds.

Section 1108 of the Social Security Act establishes funding levels for each of the territories that increase annually at the rate of the Consumer Price Index for all Urban Consumers (CPI-U). The amount of funding provided under Section 1108 has historically not been sufficient to meet the needs of the territories' Medicaid programs.

The territorial FMAP is statutorily set at 55 percent, unlike that of the states where the FMAP is set using a formula based on state per capita income (§ 1905(b) of the Act). As a result, states with a lower per capita income have a higher FMAP, and accordingly, receive more federal funds relative to their spending than states with a higher per capita income. If the territories' FMAP were calculated under the formula in statute for states, they would be near the statutory maximum of 83 percent. Territorial Medicaid programs also differ from states in terms of eligibility levels, covered benefits, and various requirements for ensuring program integrity.

This capped funding limits Puerto Rico's ability to dedicate resources to towards important programs including MEQC. While Puerto Rico remains committed to meeting all the Congressional requirements that have been added as part of Public Law 116-94, we are concerned that without parity in the Medicaid program or, at a minimum, additional administrative funding, Puerto Rico may not be able to enact long-term plans and changes that are essential to maintaining Puerto Rico's Medicaid program. **Section 2** of this report highlights additional details related to these funding disparities, and Puerto Rico sincerely request Congress to consider providing the requisite federal Medicaid funding needed to fully implement the opportunities identified in these reports.

- b. **An Introduction to the Puerto Rico Medicaid Enterprise:** It is worth considering the unique nature of Puerto Rico's Medicaid program given the number of departments and agencies involved. The Puerto Rico Department of Health (PRDOH) is the Single State Agency (SSA) designated to supervise the administration of the Medicaid program under title XIX of the Social Security Act. The Medicaid Program is administered by PRDOH and the Puerto Rico Health Insurance Administration (PRHIA – also referred to in Spanish as the Administracion de Seguros de Salud de Puerto Rico or ASES) which administers the island-wide government health care delivery system that serves Medicaid beneficiaries. Collectively, both the PRDOH and PRHIA are referred to as the Medicaid Enterprise. Puerto Rico has detailed all the agencies involved and that collaborate with its Medicaid Enterprise in **Section 3** of this report.
- c. **MEQC Requirements:** Puerto Rico has committed not only to reviewing and understanding CMS' guidance for participation in the MEQC program but also to participating and addressing improvement opportunities via PERM efforts. This section outlines the primary components of participation in the program for which Puerto Rico will comply.
- d. **Puerto Rico's Response to Congressional Requirements:** Puerto Rico has outlined its response to the MEQC requirements for full participation in the MEQC program. Currently, Puerto Rico is well positioned to comply with the requirements outlined by CMS as many required policies and procedures are already in practice. For the aspects that will be new to Puerto Rico, we have detailed the plan to comply with such requirements. Namely, Puerto Rico has outlined the plan

to complete the State Planning Document as well as a plan to comply with the state reporting requirements.

- e. **Staffing, Responsibilities, and Implementation Plan to Support MEQC Compliance:** Puerto Rico has outlined its current organizational structure and provided a description of how each member of the MEQC unit contributes to the MEQC process. Although Puerto Rico has an experienced MEQC unit, in order to adequately meet CMS' requirements, Puerto Rico needs to be able to hire additional staff.
- f. **Special Circumstances for Puerto Rico:** Due to Puerto Rico's status as a territory, there are elements unique for Puerto Rico that CMS needs to be cognizant of in regard to MEQC guidance and regulations.

2. DIFFERENCES IN MEDICAID PROGRAM FUNDING BETWEEN STATES AND PUERTO RICO/OTHER TERRITORIES

The Medicaid program is arguably the most consequential federal program in Puerto Rico because it provides health care services to 1.6 million people, or 48 percent of the Island's population. However, our program differs in fundamental ways when compared to state Medicaid programs. Federal Medicaid funds for United States Territories are limited in two ways:

1. Total federal Medicaid spending in the territories is subject to an annual Medicaid Cap pursuant to section 1108 of the Social Security Act. The Medicaid caps increase annually at a rate equal to the medical component of the Consumer Price Index, which is often lower than the increase of health expenses index. As a result, the territories are forced to pay 100% percent of all medical expenditures for their Medicaid beneficiaries that are above the cap and/or incur huge deficits of unpaid bills to their providers when the Medicaid caps are exhausted.
2. The federal Medicaid matching rate for territories is set in statute at 55 percent. In contrast the Federal Medical Assistance Percentage (FMAP) for the states varies between 50 and 83 percent of state Medicaid costs and there is no limit to the amount of federal funding that will match valid state Medicaid expenditures Puerto Rico must consistently overmatch the federal fiscal ceiling in order to provide the basic services required by the Medicaid Program.

The following table shows the disparity between Puerto Rico and comparable state Medicaid programs on administrative spending per member per year (PMPY) and per member per month (PMPM). Comparing Medicaid programs of similar size (1-2 million enrollees) and with a high proportion of enrollment in managed care (over 80 percent in comprehensive managed care), it demonstrates that Puerto Rico is getting approximately one-third (1/3) of the administration expenditures of similar programs.

State ²	2018 Medicaid Enrollment ³	2018 Percent Comprehensive Managed Care ⁴	2019 Administration Expenditures ⁵	PMPY	PMPM
(A)	(B)	(C)	(D)	(E)=(D)/(B)	(F)=(D)/(B)/12
Virginia	1,063,122	82%	\$437,968,202	\$411.96	\$34.33
Kentucky	1,385,239	91%	\$266,167,884	\$192.15	\$16.01
Maryland	1,401,781	83%	\$505,358,312	\$360.51	\$30.04
Tennessee	1,510,045	92%	\$564,787,478	\$374.02	\$31.17
Louisiana	1,640,075	84%	\$337,092,213	\$205.53	\$17.13
New Jersey	1,668,451	94%	\$898,752,077	\$538.67	\$44.89
Arizona	1,849,465	84%	\$277,807,148	\$150.21	\$12.52
Average⁶	1,502,597	88%	\$469,704,759	\$312.60	\$26.05
Puerto Rico	1,505,610	100%	\$156,284,437	\$103.80	\$8.65

Table 1. Medicaid Enrollment and Administration Expenditures for Comparable State Medicaid Programs

Puerto Rico is committed to meeting all the Congressional requirements that have been added as part of Public Law 116-94. However, we are concerned that without State-like treatment in the Medicaid program or, at a minimum, additional administrative funding, the full and permanent implementation of these changes will be challenging. For example, Puerto Rico can sometimes have only one employee evaluating a request for proposal (RFP) since the day-to-day operational needs and limited administrative funding does not support additional resources aligned to the RFP evaluation process.

Puerto Rico is requesting that Congress consider application of the FMAP as used with states. In addition, Congress is requested to consider removing the Medicaid Cap on federal Medicaid funds through 1108(g). If only the per capita FMAP formula is applied, then Puerto Rico will, as a result, reach the Medicaid Cap sooner. Funding parity would help Puerto Rico plan for long term structural changes and allow for real transformational changes to our Medicaid Enterprise.

² Includes states where 2018 Medicaid enrollment is between 1,000,000 to 2,000,000 **and** over 80% enrollment in comprehensive managed care. Excluded the State of Washington which had administrative costs in excess of \$1.3 billion.

³ Medicaid.Gov. *The FY 2018 Medicaid Managed Care Enrollment Report*, Latest available report retrieved from: <https://data.medicare.gov/Enrollment/2018-Managed-Care-Enrollment-Summary/gn4b-7d7q/data>

Total Medicaid Enrollees represents an unduplicated count of all beneficiaries in FFS and any type of managed care, including Medicaid-only and Medicare-Medicaid ("dual") enrollees.

⁴ Medicaid Enrollment in Comprehensive Managed Care represents an unduplicated count of Medicaid beneficiaries enrolled in a managed care plan that provides comprehensive benefits (acute, primary care, specialty, and any other), as well as PACE programs. It excludes beneficiaries who are enrolled in a Financial Alignment Initiative Medicare-Medicaid Plan as their only form of managed care.

⁵ Medicaid.Gov. *FY 2019 Financial Management Report, Total Computable Net Administrative Expenditures*, Latest available report retrieved from: <https://www.medicare.gov/medicaid/financial-management/state-expenditure-reporting-for-medicare-chip/expenditure-reports-mbescbes/index.html> Excludes administrative costs for the following service categories: Family Planning, Skilled Professional Medical Personnel - Single State Agency, Skilled Professional Medical Personnel - Other Agency, Peer Review Organizations, TPL - Recovery, TPL - Assignment Of Rights, Nurse Aide Training Costs, Preadmission Screening, Resident Review, Drug Use Review, School Based Administration, Interagency Costs (State Level), Planning for Health Home for Enrollees with Chronic Conditions, and Non-Emergency Medical Transportation

⁶ The average administration expenditure is weighted based on Medicaid enrollment.

3. INTRODUCTION TO THE PUERTO RICO MEDICAID ENTERPRISE

PRDOH is the Single State Agency designated to administer our State Medicaid Program. For purposes of Medicaid program administration, PRDOH is the state Medicaid agency. The Medicaid program is administered by PRDOH and PRHIA, which collectively is referred to as the Medicaid Enterprise. This is a long-standing sister agency relationship, defined by an interagency memorandum of understanding (MOU). PRHIA was created in 1993 to oversee, monitor and evaluate services offered by the managed care organizations (MCOs) under contract with PRHIA. PRHIA is a public corporation overseen and monitored by a Board of Directors (BOD). Puerto Rico’s Medicaid Program (PRMP), a department under the PRDOH, oversees the Medicaid State Plan and determines Medicaid eligibility for residents according to the requirements of titles XIX and XXI of the Social Security Act, the Code of Federal Regulations, and the Puerto Rico Medicaid and CHIP state plans. The PRMP also manages the Medicaid and CHIP grant funds as well as the funds to provide drugs to Medicare beneficiaries. Further, it conducts all Medicaid fair hearings and is responsible for the operation of the Medicaid Management Information System (MMIS) and Medicaid Integrated Technology Initiatives (MEDITI) for the program.

The PRHIA, PRMP and the Government of Puerto Rico at large follow guidance issued each year by the federally appointed Financial Oversight and Management Board for Puerto Rico (FOMB). In addition to meeting federal requirements, PRHIA and PRMP must also abide by regulations established by the Government of Puerto Rico.

Puerto Rico Department of Health

The PRDOH’s administration of its Medicaid program under Title XIX of the Social Security Act is structured as a categorical program called the “Medicaid Program.” The PRDOH Medicaid program is chartered with ensuring appropriate delivery of health care services under Medicaid, CHIP, and the Medicaid Preferred Drug Program (PDP); the latter two structured as extended Medicaid programs.

Since the inception of the Medicaid program in Puerto Rico, and up until the early 1990s, PRMP’s role was mostly limited to providing the categorically needy access to Medicaid services by operating local offices throughout all the municipalities on the Island. In these offices, residents could apply for Medicaid coverage by providing demographic and socio-economic information for their family unit. Based upon federal Medicaid program eligibility rules, the family’s eligibility for Medicaid would be determined. If eligible, the individual and family were certified and enrolled into the Medicaid program. Health care services to Medicaid-eligible individuals and families were delivered through the Puerto Rico government’s public health service facilities.

Puerto Rico Health Insurance Administration

In 1993, the Government of Puerto Rico enacted transformation of the entire public health system. The Puerto Rico Health Reform Program (referred to initially as Reforma and now known as Plan Vital) marked the creation of a government health insurance program under a managed care delivery system. These reforms expanded Medicaid coverage for individuals and families with incomes up to 133% of Puerto Rico poverty level for the MAGI population and 266% for the CHIP population, significantly increasing the number of residents with government-subsidized health coverage.

In 1993, an interagency Memorandum of Understanding (since then updated multiple times), was established to delegate the implementation of the Medicaid State Plan's managed care delivery model to PRHIA, a public corporation established by Law No. 72 on September 7, 1993, as amended. There is a Cooperative Agreement between the PRDOH, the Medicaid program, and the PRHIA to carry out the provisions of Law Number 72. Under this agreement, the PRMP retained responsibility for eligibility determination, policy, Medicaid State Plan maintenance, and financial administration. The agreement requires the PRHIA to implement and deliver services through a managed care delivery system. The PRHIA assumed responsibility for conducting fair hearings related to managed care services and benefits and the pharmacy benefit. It also conducts provider appeals and Medicare Advantage Organization (MAO) appeals. The process of selecting the insurance carriers, negotiating and managing those contracts was further assigned to PRHIA pursuant to Law No. 72. The Medicaid program retained the role of eligibility determination for Medicaid and Reforma/Plan Vital.

In 2006, PRHIA implemented the Medicare Platino program to provide additional coverage benefits to beneficiaries of Medicaid and Reforma who are also eligible for Medicare (i.e., "dually eligible") and enrolled in a Medicare Advantage Organization (MAO). Medicare Platino wraps around Medicare Advantage benefits, giving the dually eligible enrollees any additional benefits provided by the Medicaid program. PRHIA holds contracts with the MAOs.

The Puerto Rico Health Insurance Administration Board of Directors

PRHIA is governed by a Board of Directors (BOD) made up of eleven (11) members, six (6) that are Ex-Officio Members and five (5) that are appointed by the Governor of Puerto Rico with the advice and consent of Puerto Rico's Senate. The Ex-Officio Members include the Secretary of Health, the Treasury Department Secretary, the Administrator of the Administration of Mental Health and Addiction Services (ASSMCA), the Director of the Office of Management and Budget (OMB), the Executive Director of The Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF) and the Insurance Commissioner, or their delegates. The Governor of Puerto Rico appoints the President of the Board of Directors from among its members. The primary purpose and functions of the BOD include:

- Implementation of medical services based on health insurance.
- Negotiation and contracting for medical insurance coverage.
- Negotiation and contracting with health service plans for health services.
- Organization of alliances and groups of beneficiaries with the purpose of representing them in the negotiation and contracting of their health plans.
- Maintenance of an administrative and financial structure to manage funds and revenues, administer cash and make disbursements.
- Establishment of guidelines for the appointment, contracting and remuneration of its personnel.
- Negotiation and awarding of contracts, documents and other public instruments with juridical persons and entities.
- Direction to insurers to keep a record of services rendered in categorical programs subsidized by the Federal government, and documentation of the relationship of their beneficiaries, payment claims and the pertinent financial and statistical reports.
- Approval, amendment and repeal of regulations that govern the business and activities of PRHIA.
- Appointment of an Executive Director for PRHIA.

- Facilitation of a Contracting Committee to evaluate each contracting proposal and make the recommendations. The Contracting Committee evaluates each proposal, the necessity of it, the amount for each service and the maximum amount for the contract year.
- Facilitation of an Internal Audit Committee to monitor PRHIA's audit work, corrective action plans, and executions of internal and external processes

Financial Oversight and Management Board for Puerto Rico

The Financial Oversight and Management Board for Puerto Rico (FOMB) was created under the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) of 2016. FOMB consists of seven members appointed by the President of the United States and one Ex-Officio Member designated by the Governor of Puerto Rico. FOMB is tasked with working with the people and Government of Puerto Rico to create the necessary foundation for economic growth and to restore opportunity to the people of Puerto Rico.

FOMB works to fulfill the mandate of the PROMESA to ensure fiscal sustainability and restore access to capital markets. In the first instance, due to a series of unpredictable disasters, the effort has focused on utilizing certified fiscal plans and budgets to ensure Puerto Rico is able to respond to these crises while also moving toward medium and long-term fiscal and economic sustainability. FOMB established a contract review policy pursuant to Section 204(b)(2) of the PROMESA that requires the Oversight Board's approval of certain contracts to assure that they "promote market competition" and "are not inconsistent with the approved fiscal plan."

In its oversight of the Medicaid Enterprise, the FOMB must approve all government contracts and amendments with an aggregate value of \$10,000,000 or more. FOMB may review any contract below such threshold at its sole discretion. All proposed contracts or amendments stemming from the rate negotiations between PRHIA and the "Plan Vital" MCOs must be submitted to the FOMB for review and approval prior to execution. Also, pursuant to PROMESA section 204(b)(4), certain proposed rules, regulations, administrative orders, and executive orders must be submitted for FOMB review prior to enactment.

4. MEQC Requirements

CMS requires each state to conduct an MEQC pilot during the two years between their respective PERM review years. As part of this process, CMS requires the following components: a pilot planning document approved by CMS; case reviews during the MEQC review period; and a final report including the findings of the review, a corrective action plan (CAP), and payment review results. Puerto Rico understands these requirements and is ready to comply with the following directives per CMS regulations at 42 CFR 431.800 – 431.820.

Pilot Planning Document Requirement (§ 431.814)

CMS requires each state to submit and receive approval for a pilot planning document that must not exceed 20 pages. Per CMS' MEQC sub-regulatory guidance, the pilot planning document must include the following information about how the state will conduct active and negative case reviews:

For active case reviews,

- A discussion of what, if any, areas of focus in Medicaid and CHIP the reviews will have, as well as a justification for any targeted areas;
- A description of the universe development process;
- Information on the sample size per program (Medicaid and CHIP as well as any areas of focus);
- A discussion of the sample selection methodology;
- A description of the case review process; and
- A description of the payment review process to be undertaken for active cases in which errors are found.

For negative case reviews,

- A description of the universe development process;
- Information on the sample size per program (Medicaid and CHIP);
- A discussion of the sample selection methodology; and
- A description of the case review process.

To prevent potential conflicts of interest, MEQC regulations at § 431.812(a) require states to verify that those who are conducting the case reviews are physically and functionally separate from the state agency and personnel who are responsible for eligibility determinations as well as Medicaid and CHIP policy. To meet this requirement, states must provide a narrative description as well as an organization chart in their pilot planning document.

Case Review Requirement (§§ 431.812, 431.816)

Sample Universe

States are generally required to pull samples from January 1 to December 31 of the year following the submission of the pilot planning document. Samples are normally pulled on a monthly or quarterly basis. In compiling the Medicaid and CHIP active case universes, states should identify for both Medicaid and CHIP, all active cases during the sampling timeframe. In compiling the Medicaid and CHIP

universes of negative case actions, states should identify all Medicaid and CHIP denials and terminations that occurred during the sampling timeframe.

When compiling the universes and/or selecting samples, states should exclude cases that are not eligible for review. Types of exclusions include:

- Express Lane Eligibility (ELE) cases
- Any case that is funded only through state funding
- Cases undergoing fraud investigations

To account for the potential of cases meeting exclusion criteria, states should describe oversampling procedures.

Per CMS guidance, states may choose to further stratify the active case universes to target cases from a specific area of focus that may involve a new coverage group, a newly instituted policy, or a known or suspected area of vulnerability. For example, states could target the Medicaid adult expansion group or the nursing home population for a focused review. States could choose to focus on the Modified Adjusted Gross Income (MAGI)-based population or the non-MAGI population either statewide or in a specific geographical area. It is also possible to focus on one major factor of eligibility, such as redeterminations, as the subject of a focused review.

Case Sampling

States are required to sample at least 400 active and 400 negative cases. Of the 400 active cases, at least 200 must come from the Medicaid universe. While there is no minimum requirement for the size of the CHIP sample, each state must choose a sample distribution that still meets the minimum of 400 total active cases. For negative cases, states must sample at least 200 cases from both the Medicaid and CHIP universes. These numbers are minimum requirements set forth by CMS. States may choose to review larger samples.

	Medicaid Sample	CHIP Sample	Total
Active Cases	at least 200	up to 200	400
Negative Cases	200	200	400

Table 2. CHIP and Medicaid Case Sampling

Case Review Activities

Active Case Reviews

As noted above, a complete universe for active case reviews will typically include all active cases from CHIP or Medicaid; however, when conducting active case reviews, states may choose to review an area of focus. If a state wishes to focus on a targeted population, a complete universe will consist of all active cases within that population. Regardless of the universe size, the state must pull a sample from the entire list of applicable active cases during a specified time period. Typically, this requires sampling the populations on either a monthly or quarterly basis.

When performing these reviews, the focus of the reviews is typically up to the discretion of each state; however, if the PERM improper payment rate is higher than three percent for two consecutive PERM cycles, CMS may require MEQC pilots to include areas of focus targeting certain eligibility cases. States may propose to focus on recent changes to eligibility processes/policies, areas where the state suspects vulnerabilities, or observed error-prone areas.

Negative Case Reviews

Negative case reviews are reviews of all eligibility determinations that resulted in eligibility being denied or terminated. States are expected to establish complete Medicaid and CHIP universes that contain all application denials and terminations of eligibility during the sampling time frame. Depending on if the state conducts reviews quarterly or monthly, sampled cases should be pulled from all denials and terminations in the appropriate quarter or month during the review year. If an individual had multiple negative case actions occur during the sampling period, the most recent determination is the determination that should be reviewed.

While active case reviews may have specific areas of focus, a random sample of at least 200 negative Medicaid cases and 200 negative CHIP cases must be pulled from the entire negative universe of Medicaid and CHIP cases, respectively in each sampling timeframe.

Review Procedures

MEQC staff are expected to begin conducting eligibility reviews once the planning document has been approved. Reviewers should consider both state and federal policy to determine the accuracy of eligibility determinations. Per CMS guidelines, case review should focus on the following:

- Whether a caseworker or eligibility system made the correct eligibility determination based upon information available at the time of the decision
- Whether an eligibility IT system's logic (as applicable) processes case information appropriately, including whether the system verifies information in data sources
- In situations where the eligibility system was overridden by the caseworker, whether the caseworker's actions were correct
- Whether electronic data sources were checked and utilized, where available, before paper documentation was requested

Case Level Reviews

The case level reviews should be a comprehensive review that considers the entirety of eligibility criteria mentioned in Table 3 of CMS' MEQC guidance.⁷ States are also expected to include any additional information that was needed to conduct the eligibility review that is not contained in Table 3.

Per CMS guidance, states are required to include the following in their planning document for each of the eligibility criteria listed in Table 3:⁷

- Information regarding case-level data elements to be reviewed. Note that MEQC reviews are always of individuals. If the individual is part of a larger case, it may be necessary to review

⁹ <https://www.medicaid.gov/medicaid/eligibility/downloads/meqc-updated-phase1-guidance-08172020.pdf>

the household composition, income, and tax filing status of all of the household members before the correctness of the individual's eligibility determination can be assessed.

- Information regarding data elements to be reviewed from the eligibility screen
- Information regarding what eligibility data the state will accept by self-attestation and what elements it will verify using electronic data sources consistent with the state's approved Medicaid and CHIP verification plan
- Any additional criteria for eligibility review processes

States are expected to provide assurances that the case review process described in the pilot planning document will address all aspects of the eligibility determination process. An example of recommended considerations is included in Table 4 of CMS' MEQC guidance.⁷

Further review information can be found on pages 26-27 of CMS's MEQC guidance.

Medicaid and CHIP Verification Requirement

In reviewing Medicaid and CHIP eligibility determinations, MEQC reviewers must pay close attention to their state's Medicaid and CHIP verification plans. The correctness of many determinations will depend on whether or not caseworkers have followed the verification plan in accepting certain client information on the basis of self-attestation and using appropriate electronic data sources to verify other pieces of eligibility information, such as citizenship or immigration status and income. Based on what is in the state's verification plan, the MEQC reviewers will know when a client should have been contacted to clarify discrepancies relating to one's citizenship or immigration status⁸ or reported income amounts that did not meet the reasonable compatibility threshold. Puerto Rico will ensure that MEQC reviewers are familiar with the Commonwealth's most recent Medicaid and CHIP verification plans and that they base their case reviews on the most current verification criteria in addition to Commonwealth and federal laws, regulations and guidance.

Payment Review Process

For active cases in error, states are required to review claims for dates of service during the three months following the effective date of eligibility that was determined in error. The review is meant to determine the financial implication of the incorrect eligibility determination and return federal share of any overpayments to CMS. For beneficiaries in managed care programs, all Medicaid capitation payments for services during the payment review period should be reported to CMS in the case level report. Table 5 of CMS' guidance⁹ provides examples of over/underpayments that may occur during payment review.

Once overpayments/underpayments are identified during the MEQC review process, appropriate adjustments should be entered on to the CMS-64 and CMS-21 quarterly reports, as applicable.

State Reporting Requirement

States are required to provide case level reports based on the MEQC review results as well as corrective action plans (CAPs) and payment review results, by August 1 following the MEQC review period. CAPs

⁹ <https://www.medicaid.gov/medicaid/eligibility/downloads/meqc-updated-phase1-guidance-08172020.pdf>

must address all active and negative case errors and technical deficiencies (TD). The CAP information provided to CMS must include:

- the root causes of the error or TD,
- the corrective action that is implemented or planned,
- the status of implementation and actual or estimated date of implementation,
- the party responsible for implementation,
- what steps the state plans to take to monitor the implementation of corrective action, and
- post-pilot review plan for evaluating the effectiveness of corrective action.

⁸ States are expected to be able to document that post-eligibility verification of immigration status occurred within 90 days of the eligibility determination.

5. Puerto Rico's Response to MEQC Compliance

Puerto Rico has reviewed CMS' guidance as it pertains to review procedures for MEQC. Puerto Rico's review and eligibility determination procedures are currently in compliance with federal regulations. In the following sections we will outline the necessary steps for Puerto Rico's inclusion in the federal MEQC program.

Response to Pilot Planning Document Requirement (§ 431.814)

This section will discuss the components of the required pilot planning document and how Puerto Rico is prepared to complete each section of the document. It will include the recommendation that Puerto Rico starts with a pilot program but that it eventually will mature into a full program over time. These sections will include items such as, but not limited to, the following:

- Defining universe and sample sizes for Active and Negative, Medicaid and CHIP cases
- Defining sampling method, including stratification as applicable
- Payment Review process plan for Active cases found to be in error
- Findings review and obtaining concurrence with findings from other state agencies
- Implications of Puerto Rico's full integration into the MEQC program after the initial pilot

Puerto Rico has completed a sample Pilot Planning Document (included in Appendix) in advance of pilot program participation, which includes the following required sections:

Active Cases – Medicaid

Entire Universe or Stratification and Justification

As this pilot will be the first cycle for PR, we have chosen to pull the sample from the entire Medicaid universe without stratification. The intention is to gain a broader understanding through the audit and identify areas of focus across the entire population for stratification in future cycles.

Active Case Sampling Plan

PR will review a total of 400 Medicaid and CHIP cases from the entire universe of active cases. Oversampling of 10 additional cases per quarter will be pulled in case any cases need to be excluded from the sample. PR will pull the active case sample from both Medicaid and CHIP universes, and plan to divide the population proportionately between Medicaid and CHIP with a minimum of 200 cases from the Medicaid population. The sample will include up to 200 CHIP cases but may be less depending on the volume of CHIP cases in the universe for the period in scope. The number of CHIP cases as part of the 400-case sample will vary year over year dependent on the number of cases in the universe.

Sampling Method

Active Medicaid cases will be pulled on a quarterly basis in the month following the quarter under review. The universe will consist of all persons eligible during the sampling timeframe, including those determined eligible through new applications, renewals, or redeterminations based on changes in circumstance. Puerto Rico's MEQC team may pull an active case that is found to have a negative determination later in the quarter. This case would not be excluded as part of the sample and will be audited based on the active determination that established

eligibility for the Medicaid program. As stated in the sub-regulatory guidance, PR will exclude the following cases from the universe for review: cases under fraud investigation, any cases that are solely supported by state-funds, and lastly Express Lane Eligibility (ELE) cases, though Puerto Rico does not have ELE.

Case Review Plan/Quality Control

PR auditing staff will do a quarterly desk review of the sampled caseload. Cases will be reviewed individually against internally available interfaces, client attestation and business processes for accuracy. The timeliness and accuracy of notices will also be reviewed. At a minimum, MEQC reviewers will consider all applicable factors of eligibility and eligibility processes discussed in Tables 3 and 4 of CMS' Sub-Regulatory Guidance of May 13, 2021¹⁰ and the state's approved Medicaid and CHIP verification plan in their active and negative Medicaid and CHIP case reviews.

All cases will be tracked and logged. Following the reviewers' initial findings, the MEQC director will review every case to ensure the reviewer made the correct decision based on review guidelines. The MEQC director will be responsible for the final decision on the determination rating. Errors and deficiencies will be reviewed with eligibility and policy staff. Any disagreements amongst auditing and eligibility/policy staff will go through an escalated review process to make a final determination.

As this is the first time an MEQC pilot will be completed through PRDOH as the Medicaid state agency, many of these operational details and processes are in development as well as the system support to log these cases.

Active Cases – CHIP

Entire Universe or Stratification and justification

As this pilot will be the first cycle for PR, we have chosen to include the entire CHIP universe without stratification as part of the active case sample. The intention is to gain a broader understanding through the audit and identify areas of focus across the entire population for stratification in future cycles.

Active Case Sampling Plan

PR will review active CHIP cases from the entire CHIP universe to gain a comprehensive view of the CHIP caseload. The active case sample of 400 cases total will include both Medicaid and CHIP cases, and our plan is to divide the population proportionately between Medicaid and CHIP with a minimum of 200 cases from the Medicaid population. The sample will include up to 200 CHIP cases but may be less depending on the volume of CHIP cases in the universe for the period in scope. The number of CHIP cases as part of the 400-case sample will vary year over year dependent on the number of cases in the universe.

Sampling method

¹⁰ <https://www.medicaid.gov/medicaid/eligibility/downloads/meqc-final-covid19-supp-guidance-05132021.pdf>

PR will randomly pull samples on a quarterly basis from the entire active CHIP universe in the month following the quarter under review. Oversampling of five additional cases will be pulled in case any audits need to be excluded. Puerto Rico's MEQC team may pull an active case that is found to have a negative determination later in the quarter. This case would not be excluded as part of the sample and will be audited based on the determination that established CHIP eligibility. As stated in the sub-regulatory guidance, PR will exclude the following cases from the universe for review: cases under fraud investigation, any cases that are solely supported by state-funds, and lastly Express Lane Eligibility (ELE) cases.

Case Review Plan/Quality Control

PR auditing staff will do a quarterly desk review of the sampled caseload. Cases will be reviewed individually against internally available interfaces, client attestation and business processes for accuracy. The timeliness and accuracy of notices will also be reviewed.

All cases will be tracked and logged. Following the reviewers' initial findings, the MEQC director will review every case to ensure the reviewer made the correct decision based on review guidelines. The MEQC director will be responsible for the final decision on the determination rating. Errors and deficiencies will be reviewed with eligibility and policy staff. Any disagreements amongst auditing and eligibility/policy staff will go through an escalated review process to make a final determination.

As this is the first time an MEQC pilot will be completed through PRDOH as the Medicaid state agency, many of these operational details and processes are in development as well as the system support to log these cases.

Area of Focus – Medicaid

Not applicable for initial MEQC pilot.

Area of Focus – CHIP

Not applicable for initial MEQC pilot.

Negative Case Action – Medicaid

Negative Case Sampling Plan

Puerto Rico will review a total of 200 negative Medicaid cases over the course of the MEQC cycle. This will include terminations and denials of Medicaid cases throughout the MEQC cycle.

Sampling method

A random sample of negative case actions, including denied and terminated case actions, will be pulled the month after the quarter in which denials and terminations occurred. Per the sub regulatory requirements, all negative case samples will be pulled from the complete universe of negative Medicaid case actions **that took place during the sampling timeframe.**

Frequency of sampling

For each quarter, 50 cases will be pulled for review. An additional ten cases for oversampling will be pulled per quarter in case any selections need to be excluded. Cases that have an active case determination within the quarter and a later negative determination will not be

excluded and will be reviewed based on the negative determination. The governance process for reviewing cases includes approximately seven full-time MEQC reviewers across both Medicaid and CHIP who act as the primary reviewers. The secondary review is performed by the MEQC Director who conducts QC checks on determinations to review documentation, and check for consistency and completeness against rules and policy. If any issues are identified during the second review, cases are sent back to the primary reviewer for examination and correction as applicable.

Case Review Plan/Quality Control

PR auditing staff will do a quarterly desk review of the sampled caseload. Cases will be reviewed individually against internally available interfaces, client attestation and business processes for accuracy. The timeliness and accuracy of notices will also be reviewed.

All cases will be tracked and logged. Following the reviewers' initial findings, the MEQC director will review every case to ensure the reviewer made the correct decision based on review guidelines. The MEQC director will be responsible for the final decision on the determination rating. Errors and deficiencies will be reviewed with eligibility and policy staff. Any disagreements amongst auditing and eligibility/policy staff will go through an escalated review process to make a final determination.

As this is the first time an MEQC pilot will be completed through PRDOH as the Medicaid state agency, many of these operational details and processes are in development as well as the system support to log these cases.

Negative Case Action – CHIP

Negative Case Sampling Plan

Puerto Rico will review a total of 200 negative CHIP cases over the course of the MEQC cycle. This will include terminations and denials of CHIP cases throughout the MEQC cycle.

Sampling method

A random sample of negative case actions, including denied and terminated case actions, will be pulled the month after the quarter in which denials and terminations occurred. Per the regulatory requirements, all negative case samples will be pulled from the complete universe of CHIP negative case actions **that took place during the sampling timeframe**.

Frequency of sampling

For each quarter, 50 cases will be pulled to review. An additional five cases for oversampling will be pulled each quarter in case any audits need to be excluded. There will be approximately seven MEQC reviewers for both CHIP and Medicaid

Case Review Plan/Quality Control

PR auditing staff will do a quarterly desk review of the sampled caseload. Cases will be reviewed individually against internally available interfaces, client attestation and business processes for accuracy. The timeliness and accuracy of notices will also be reviewed.

All cases will be tracked and logged. Following the reviewers' initial findings, the MEQC director will review every case to ensure the reviewer made the correct decision based on review guidelines. The MEQC director will be responsible for the final decision on the determination rating. Errors and deficiencies will be reviewed with eligibility and policy staff. Any disagreements amongst auditing and eligibility/policy staff will go through an escalated review process to make a final determination.

As this is the first time an MEQC pilot will be completed through PRDOH as the Medicaid state agency, many of these operational details and processes are in development as well as the system support to log these cases.

Payment Review Process (Active Cases Only)

The MEQC staff will identify errors using the case review methods described above. The MEQC staff will then assign an error code to all cases found to have an error in eligibility based on the latest guidance on error codes and qualifiers released by CMS:

- All active cases with errors will be subject to a payment review.
- All cases reviewed by MEQC staff are sent to the Office of Medicaid Eligibility Policy (OMEP) for review and the opportunity to agree or disagree with the MEQC staff's findings. Once an active case finding is agreed upon, Program Integrity will identify all relevant payments for dates of service in the three-month payment review period discussed below. The payments may have been made from the effective date of eligibility triggered by the erroneous determination to the date of the MEQC payment review, as long as the payments are for dates of service within the three-month payment review period.
- "Relevant payments" for PR include managed care capitation payments

At a minimum, PR will capture the payment review and adjustment information required on the payment review section of CMS's case level reporting template. Adjustments will be made for the federal share of any overpayments or underpayments using the CMS-64 reporting processes for Medicaid and CHIP.

The Pilot Planning Document includes in-depth discussion on the State Reporting Requirement, and the Verification Requirement.

Response to Case Review Requirement (§§ 431.812, 431.816)

Puerto Rico currently has a well-established set of MEQC procedures. The MEQC Director is responsible for creating an audit plan and defining selection criteria for sampling eligibility samples. Once the MEQC system has pulled the necessary samples, it is the MEQC Director's responsibility to assign each case to an MEQC reviewer. After a case is assigned, the MEQC reviewer must conduct the appropriate eligibility review. This requires the reviewer to review the applicant's or beneficiary's most recent eligibility determination, ensure that all factors of eligibility were satisfactorily accounted for, that all required verifications and processing steps were undertaken, that the eligibility determination was completed in a timely manner and that timely and appropriate notification of the determination was provided. Among other things, reviewers are required to ensure that all personal information, such as date of

birth and address were correctly provided and that the individual met residency requirements. Additionally, reviewers ensure that income was correctly documented and that the correct determination was made based on the information that was provided. Finally, reviewers ensure that all the appropriate documentation is included in the case file and that the information is complete and valid.

A detailed comparison between PR procedures and CMS required procedures for case review were completed to identify any differences or gaps in the Commonwealth's process. Upon completion of this review, we found that Puerto Rico is making progress toward developing procedures that are sufficiently rigorous to meet the standards of CMS' MEQC program. We believe that with continued CMS support, the Commonwealth's program will soon be in full compliance with CMS' MEQC guidelines. Our close contact and collaboration with CMS will facilitate a successful implementation of the MEQC program in Puerto Rico.

Response to Medicaid and CHIP Verification Requirement

Puerto Rico does not currently have approved verification plans for Medicaid or CHIP. The plans have been submitted to CMS' Center for Medicaid and CHIP Services (CMCS), and as part of the MEQC integration process, Puerto Rico plans to continue coordinating and making the necessary changes to receive CMS approval.

Puerto Rico will continue to review procedures against CMS requirements for Medicaid and CHIP verifications during the eligibility determination process¹¹ and is working to ensure that the two are in alignment. Puerto Rico will continue to review procedures in areas that require verification by law or through the Commonwealth's verification plans. PR will record what methods were used to verify citizenship or immigration status, as well as whether income documentation confirmed applicant and household attestations. PR will also document that post-eligibility verification of immigration status occurred within 90 days of the eligibility determination.

Puerto Rico plans to provide CMS with Medicaid and CHIP verification plans once final approval is granted by CMCS; in the meantime, we are reviewing the eligibility determination process in local social service offices to gain an understanding of where it does and does not align with CMS requirements for CHIP and Medicaid verifications. This knowledge will be essential in the establishment of an effective MEQC program. Puerto Rico's current verification requirements are detailed below.

The listed determination procedures are further detailed in the documentation provided by Puerto Rico, and the forms referenced below are featured in the appendix for reference.¹²

- A. Corroboration of address
 - a. All participants and applicants must give evidence of their address through utility bills, homeownership papers, property titles, etc.
 - b. Form MA 9 used.
- B. Certification of members of the household
 - a. Form MA 9A used to declare members of household and the nature of relation with anyone who lives in the household.

¹¹ See 42 CFR 435.940-435.956 and 42 CFR 457.380.

¹² See Appendix B

C. Evidence of Permanent Residency of Citizenship

- a. Use of form MA23 and MA 9B. Applicants need a naturalization certificate,

- passport, etc.
- D. Social Security Number and Social Security Card
 - a. Form MA 9C used.
- E. Declaration of Income
 - a. Forms MA 31, MA 28, MA 9, or MA 9D used.
- F. Evidence of Resources
 - a. Non-MAGI beneficiaries or applicants must declare resources they or their nuclear family hold. Form MA 9 used.
 - b. ATM receipt or account statement
- G. Evidence of Medical Expense
 - a. Form MA 34 used. Applicants and participants can include medical expenses and certify them.
 - b. Applicants may also submit pharmacy statements
- H. Evidence of care for children or incapacitated adults
 - a. Form 9A.
- I. Evidence of Business Expenses
 - a. If the applicant/participant has operational expenses from their business, they must give evidence. The applicant can also present their income contribution plan as reference.
- J. Family Caretaker
 - a. If the applicant or participant is a caretaker for a family member, they can corroborate using form MA 9.

During the eligibility determination interviews, the following forms are signed in addition to the above forms, they must be part of the case record:

- A. Application sheet (form MA1) must be completed.
- B. Legal Cautions: MA 14 contains legal warnings that must be signed during each interview
- C. HIPAA form and PHI number.
- D. Actions Completed Form: Form MA 10 is given to the applicant or participant with each eligibility determination they receive.
- E. Appeal Form: The appeal form is given to applications/participants who dispute the eligibility determination.

The forms provided by applicants or participants which Puerto Rico keeps on file are as follows:

- A. Copy of Social Security card
- B. Copy of Identification
- C. Copy of Marriage License
- D. Copy of residency cards and residency card from place of origin (applicable to immigrants)
- E. Naturalization certificate or Passport
- F. Immigration forms: I 94, I 551, I 6888, I 766, I 559
- G. Evidence of custody of minors (permanent or provisional)

Once recipients provide copies of required evidence, these are archived in corresponding facilities based on the recipient's location/region. Moreover, Puerto Rico has an agreement with the Demographic Register according to which they can corroborate demographic information of applicants or recipients. Puerto Rico has access to "Government to Government," a page from which we can access different agencies like the Department of the Family and the Department of Work.

MEQC reviewers in Puerto Rico will consider the different types of documentation described above and use all available archival resources in evaluating whether eligibility determinations were correct. Puerto Rico understands that CMS regulations have placed a greater emphasis on automation and the accessing of electronic data sources for Medicaid and CHIP verifications since the passage of the Affordable Care Act. In particular, there is now a regulatory requirement¹³ that certifying agencies use electronic verifications where possible before requesting paper verifications from clients and their families. That manual documentation is still predominantly used in eligibility intake offices throughout Puerto Rico is a function of the funding shortfalls that are endemic to a capped Medicaid program. Puerto Rico's MEQC program may have to request some allowances and regulatory flexibilities from CMS in evaluating case determinations based on older methods of documentation until sufficient funding enables local eligibility offices to fully upgrade and automate the eligibility determination procedures.

That said, Puerto Rico is currently in compliance with federal MEQC regulations at 42 CFR 431.812(a), which require the MEQC staff to be functionally separate from and independent of staff responsible for establishing eligibility policy and undertaking eligibility determinations.

Response to State Reporting Requirement

When the MEQC case reviews are complete, Puerto Rico will comply with CMS guidance regarding reporting documentation. Puerto Rico will complete the standard reporting template as provided by CMS¹⁴ (see Appendix B). During the case review process, MEQC reviewers will maintain an updated version of the MEQC Excel document. Upon completion, Puerto Rico will submit the case review findings to CMS.

Puerto Rico understands the importance of designing and implementing a CAP based on results from the MEQC review. Puerto Rico intends to provide detailed CAP information using the state-specific CAP template provided by CMS to address errors and technical deficiencies found during the active and negative case reviews. Puerto Rico intends to meet the Federal deadline of August 1st of the year following the MEQC review period for submitting the required case level MEQC report and CAP.

Regarding the CAP development process, Puerto Rico will establish regular touchpoints to update CMS on the progress of CAP, will work with CMS to track the progress of the CAPs, and will ensure that necessary actions and adjustments are successfully implemented in a timely manner.

While Puerto Rico is not currently utilizing the MEQC state reporting template for findings, the MEQC team does have a process for reporting their findings internally. Puerto Rico understands that the current processes are different than the CMS program requirements; however, we also believe that the processes in place will help facilitate the adoption of the CMS reporting requirements as outlined above.

¹³ See 42 CFR 435.945.

¹⁴ <https://www.medicaid.gov/medicaid/eligibility/medicaid-eligibility-quality-control-program/index.html>

Response to Sampling Methodology Requirement

Puerto Rico currently has an established sampling methodology that complies with CMS guidelines. The Puerto Rico MEQC team uses an automated system called Medicaid Quality Management System (MQMS) to perform sampling from its eligibility system. The MEQC director uses MQMS to input the necessary parameters to perform the necessary sampling. This process is repeated each quarter to ensure the appropriate samples are being taken. While PR is currently in the process of transitioning to a new eligibility system (MEDITI 3G), the processes that are currently in place will not change. Instead, current processes will continue to be used with the upgraded eligibility system. It is Puerto Rico's expectation that the new eligibility system will be fully implemented in advance of the MEQC pilot. As such, it is expected that the transition may have no impact on Puerto Rico's ability to fully comply with the MEQC pilot.

6. Staffing, Responsibilities, and Implementation Plan to Support MEQC Compliance

Alongside discussion of staffing and staff responsibilities, this section includes an implementation plan detailing the necessary steps and timelines to bring up a full-fledged and compliant MEQC program. With regard to staffing, the MEQC organizational chart is listed below:

Current MEQC Staffing Organization

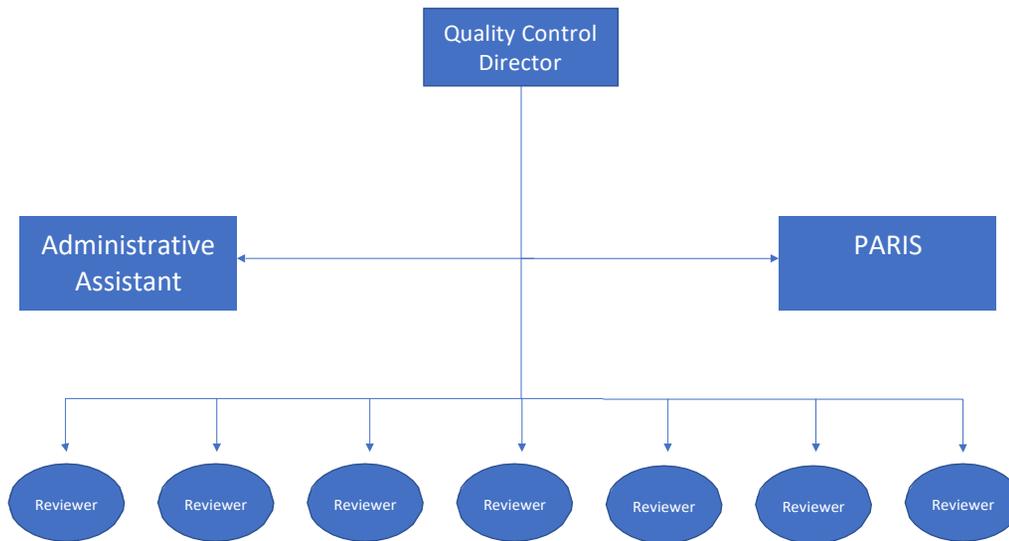


Figure 1. Current MEQC Staffing Organizational Chart

Puerto Rico's MEQC unit primarily consists of seven reviewers and a MEQC director. The MEQC unit is supported by both a PARIS representative and an administrative assistant. Currently, each region of the island has one reviewer who is responsible for conducting the entirety of MEQC reviews. Each week, the reviewers are expected to conduct case review based on their workplan for the cases assigned to them for that quarter. Additionally, reviewers are responsible for submitting their findings in MQMS on a weekly basis. Currently, each reviewer must conduct on-site visits to the Medicaid agency in their region in order to audit the physical evidence of the eligibility determination. The MEQC director is responsible for both assigning cases as well as managing the post-review process. As such, the Director is responsible for verifying and submitting findings as well as handling the appeals processes as it pertains to MEQC findings and errors. In addition to the reviewers and director, the MEQC unit has both a PARIS contact and an administrative assistant. The role of the administrative assistant is primarily to help maintain and archive all evidence received from the reviewers during the course of their case review as well as responding to email inquiries and mailing audit evidence to the eligibility agencies.

High-level Roles and Responsibilities

The high-level roles and responsibilities of each member of the MEQC unit are summarized below.

Quality Control Director	Responsible for MEQC personnel supervision, in charge of communicating findings, handling the appeals process, and day to day operations
Administrative Assistant	In charge of organizing and archiving all audit evidence, Scanning and providing sample evidence to agency contacts
PARIS Contact	PARIS representative is the link between PR, states and territories, resolve local and federal requests such as requests for closing and eligibility periods
Reviewer	Visits Medicaid agencies to audit eligibility cases, analyze the eligibility system, complete the focus areas in MEQC system and send audit results to MEQC director

Table 3. High-level roles and responsibilities of the MEQC staff.

While Puerto Rico has not historically participated in the federal MEQC program, Puerto Rico has successfully executed their own quality control reviews for several years. As a result, Puerto Rico already has most of the policies and procedures in place to meet the requirements of the federal MEQC program. In addition to the policy and procedures, Puerto Rico has a team with experience in performing reviews that is more than capable of adjusting to federal MEQC standards.

Roles and Responsibilities for Complying with MEQC

To best prepare for implementation, Puerto Rico has begun to develop a RACI chart to delineate key activities and the Responsible, Accountable, Consulted and Informed entities that support the process. The RACI chart for clarifying the roles, responsibilities, and involvement levels of various PR Medicaid entities for each MEQC activity can be seen below (*Table 4*). As detailed in this chart, Puerto Rico will ensure that the appropriate organizational components in the Medicaid Enterprise take responsibility for the various MEQC-related activities and that all components are fully aware of their respective roles and responsibilities.

**Please note this is a notional RACI chart final role and responsibility assignments will be further solidified prior to the pilot*

	ASES	MMIS	Member Eligibility	MAFU	MEQC	Medicaid PIU
Defining MEQC Procedures	I	C	I	I	R	I
Writing Sampling Procedures	I	C	I	I	R	I
Defining and Creating Sample Universes	I	I	A	C	R	I
Drafting Pilot Planning Document	I	C	A	C	R	C
Conducting Case Review	C	C	A	I	R	C
Conducting Payment Review	I	R	A	C	R	C
Returning Federal Funds as Necessary	R	I	A	I	A	I
Communicating Results of MEQC Review	C	I	A	C	R	C
Drafting a Corrective Action Plan	I	I	C	C	R	I
Implementing the Corrective Action Plan	C	C	R	I	A	A
Verifying Eligibility	I	C	R	C	R	C

Table 4. RACI chart delineating roles and responsibilities for various PR Medicaid entities.

R = Responsible

A = Accountable

C = Consulted

I = Informed

Notional Timeline for Implementation

The notional timeline for implementing this plan and complying with the full MEQC cycle review is included below (*Figure 2*):

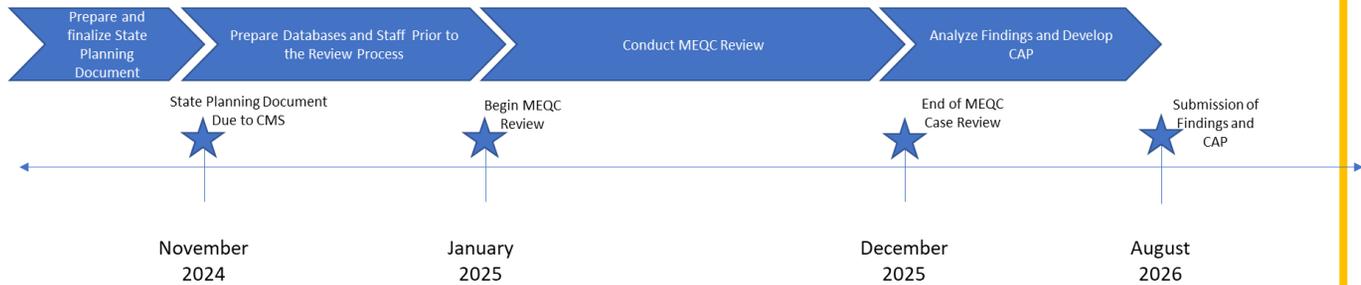


Figure 2. Timeline for the MEQC process.

In accordance with timelines for states, the MEQC review process will be coordinated with the PERM cycle for Puerto Rico, with the MEQC review beginning in the year following the end of the PERM review year. As such, Puerto Rico will ensure that its MEQC Pilot Planning Document is prepared and submitted by no later than the November 1, 2024 deadline. While Puerto Rico is awaiting approval from CMS, PR will prepare the necessary databases as well as conduct relevant trainings for MEQC staff. Once the planning document is approved, PR will begin performing case reviews for the review year (January 1, 2025 through December 31, 2025). Beginning at the end of the first quarter of the review year, PR staff will review the samples pulled each quarter from the appropriate universes. Once all reviews have been conducted, Puerto Rico will review the case findings and develop the appropriate corrective action plans. Puerto Rico will submit these findings and CAPs no later than CMS' deadline of August 1, 2026.

Implementation Timeline and Planned Activities

In addition to the high-level timeline and responsibilities above, we have also thought through the detailed tasks to identify next steps and activities for PR to undertake in advance of cycle participation. The figure below shows the timeline for PR compliance with the implementation actions to execute in advance of the upcoming cycle years.

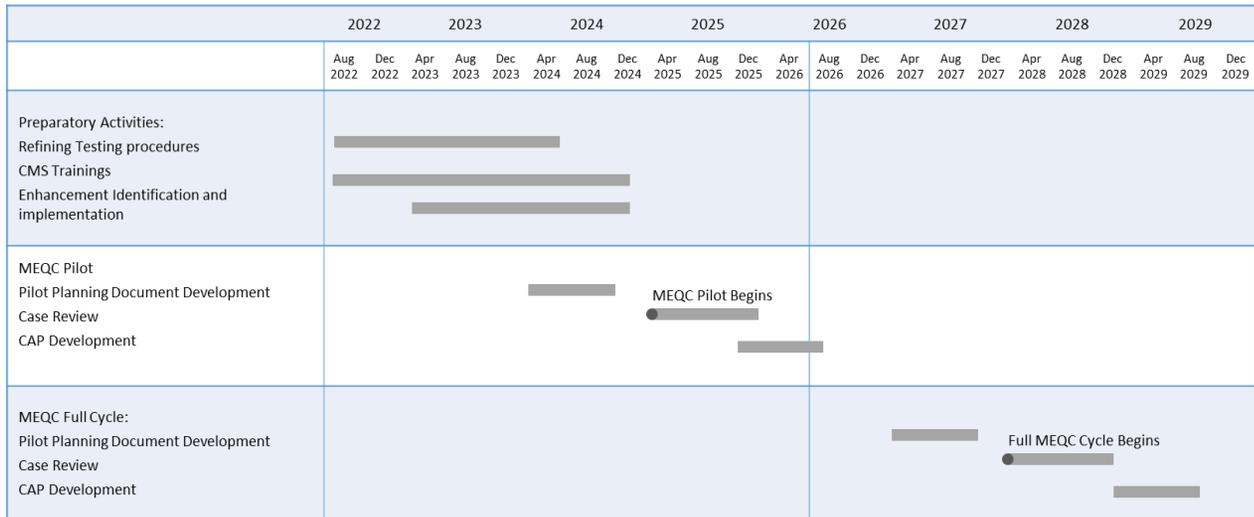


Figure 3. Timeline of Planned Actions

Preparatory Activities

To set our teams up for success, Puerto Rico will undertake a number of preparatory activities. These tasks and estimated timelines are detailed below:

Preparatory Activities for Approval of Verification Plan by CMCS

Puerto Rico will work with CMCS to incorporate its suggested feedback and changes in the current verification plan. Once the verification plan has been finalized, Puerto Rico will resubmit the plan to CMCS for final approval. Following CMCS approval, Puerto Rico will ensure that the plan is distributed to all MEQC reviewers and eligibility intake offices and that both the MEQC team and Puerto Rico's eligibility workers have some form of orientation or training.

Verification Plan Preparation	Estimated Date
Incorporate suggested changes from CMCS feedback on submitted verification plans	08/2021
Finalize verification plan and resubmit to CMCS for final approval	09/2021
Distribute approved verification plan to all MEQC reviewers and Eligibility intake offices and provide appropriate training on plan contents	01/2022

Testing Procedures

Universe Identification

Puerto Rico will work to ensure the sampling universes are correctly identified and are complete per CMS guidance.

Sampling

Puerto Rico will work to refine and finalize sampling processes per CMS guidance. This process will include testing the new eligibility system that is currently being implemented and ensuring no new problems arise during the transition from MQMS to MEDITI 3G.

Review Procedures

Puerto Rico will revise its review procedures to be aligned with federal MEQC review guidelines. During this process Puerto Rico will be able to identify any gaps that exist in policy or staffing and will be able to rectify these issues in time for full integration into the MEQC program.

Testing Procedures Preparation	Estimated Date
Universe Identification <ul style="list-style-type: none"> Identify and extract sampling universes Confirm correctness of universe against guidance and QC procedures 	08/2021 – 5/2022
Sampling <ul style="list-style-type: none"> Refine and finalize sampling processes Test new eligibility system to ensure transition from MQMS to MEDITI 3G 	12/2021
Review Procedures <ul style="list-style-type: none"> Revise review procedures to align with federal MEQC review guidelines Identify policy gaps Identify staffing gaps 	08/2021 – 8/2022
Address policy and staffing gaps before MEQC kickoff	8/2022 - 1/2023

Training

Puerto Rico will work with CMS to schedule training sessions for MEQC staff and other stakeholders on the process to comply with MEQC. Training sessions should include review procedures, reporting requirements, review of required documentation, etc. Training sessions should provide MEQC staff with all the necessary information needed to fully comply with MEQC elements unique to the federal program.

Training Activities	Estimated Date
Training meetings with PR's MEQC, MMIS, and Eligibility Teams	1/2023
Continued MEQC 101 sessions with CMS	Ongoing
Attending State Cycle Calls	Ongoing
Attending CAP training calls	Ongoing

Identifying and Addressing Areas for Enhancement

Throughout the actions described above, Puerto Rico will identify any gaps or areas that require enhancement prior to full participation in the MEQC cycle. Puerto Rico will then work to implement the necessary enhancements required for full participation in the MEQC program.

Identifying Gaps	Estimated Date
Assigning PERM POCs for Puerto Rico Medicaid	9/2022
Ensuring appropriate staffing and team training sessions	4/2023

7. Special Circumstances for Puerto Rico

Federal Cap

Unlike states, territories are subject to an annual cap on Medicaid funding. Once the territory has exhausted its funding for the year, Medicaid expenditures are completely funded through local funds. As a result, there is a substantial portion of cases that are not paid for with federal dollars. As such, even if an active case is determined to have an inaccurate determination, there might not be any federal funds to return.

Historically, the FMAP rate was set at the lowest rate of 50%. With the implementation of the Affordable Care Act the FMAP rate was increased to 55%; however, because of the underfunding of federal dollars, the true matching rate was between 18% and 25%. Absent any action by Congress, to remove the Medicaid CAP and to change the FMAP to apply the same formula as used by states, Puerto Rico will experience a significant decrease in available federal Medicaid funding beginning in federal fiscal year (FFY) 2022. Because of the excessive unmatched claim activity, any collections identified through the MEQC review should be returned to the annual allotment and create newly available federal matching funds that would be used to pay for unmatched claims.

Federal Reporting for CHIP Beneficiaries

Puerto Rico, like all territories, reports expenditures on behalf of CHIP enrollees on the CMS 64 since territories do not complete the CMS 21. Similarly, forecasted needs for federal funds is reported on the CMS-37 for all territories.

Federal Funding Availability

Unlike states, the full funding for Medicaid and CHIP is made available at the beginning of the fiscal year for territories, not quarterly.

8. Appendix

Appendix A: Data Sources and Reference Documents

CMS Case Review Templates: <https://www.medicaid.gov/medicaid/eligibility/medicaid-eligibility-quality-control-program/index.html>

CMS Sub-regulatory Guidance: <https://www.medicaid.gov/medicaid/eligibility/downloads/meqc-updated-phase1-guidance-05132021.pdf>

Eligibility Verification: Puerto Rico Eligibility Forms Referenced

MA 1 – Application Form (for new applicants or applicants re-applying after losing eligibility)

MA 9 – Address Verification Form, Participant Certification, Family Composition and Evidence of Care for Dependents

MA 9A – Certification of Family Composition Form

MA 9B – Declaration of Birth Date and Place of Birth Form

MA 9C – Social Security Number Form

MA 9D – Certification of Nuclear Family Members Form

MA 10 – Notification of Eligibility Determination

MA 14 – Terms and Conditions Form

MA23 – Corroboration of Residence of Citizenship Form

MA 28 – Declaration of Income Form (to be completed by employer)

MA 31 – Declaration of Income Form (for self-employed or part-time employed applicants/participants)

MA 34 – Certification of Medical and Pharmaceutical Costs Form