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MISSISSIPPI'S "FACE-TO-FACE" RULE BLOCKS COVERAGE OF ELIGIBLE PEOPLE, NOT FRAUD

by Sarah Lueck

Since 2005, Mississippi has required low-income adults, including parents trying to secure health coverage for their children, to travel to a state office for a face-to-face meeting in order to receive or renew benefits in Medicaid and the Children's Health Insurance Program. Mississippi is the only state requiring face-to-face interviews for *both* Medicaid and CHIP at application *and* renewal.¹

- The stated purpose of the policy is to ensure that only eligible people get benefits. The Governor's office recently put out a press release claiming that the face-to-face interviews have resulted in Mississippi experiencing less fraud in the programs than other states. As explained in some detail below, that claim is based on inappropriate and erroneous uses of national data. Other states have eliminated requirements for face-to-face interviews and streamlined eligibility and renewal determinations without experiencing an increase in errors.
- The actual result of the interview requirement is that many eligible people have dropped from the rolls. At least 62,000 fewer children and adults in Mississippi were enrolled in Medicaid and CHIP in 2006 compared to 2004, even as the number of uninsured children in the state rose.²
- A 2007 report documented why the interview requirement contributed to such significant coverage loss. Fulfilling the requirement often means that families must miss work, secure special arrangements for child-care and elder-care, and arrange for transportation to far-flung state offices. While Mississippi opened additional offices to increase the locations where interviews could take place, they are limited in number and hours of operation.³
- Nearly 60 percent of individuals up for annual renewal fail to appear for the face-to-face interviews, and nearly 90 percent of "new" applications that Mississippi approves for families

¹ New York requires a face-to-face meeting at the time of Medicaid enrollment, not renewal, but counts community-based application assistance as meeting this requirement. Tennessee requires a face-to-face meeting for enrollment in and renewal of Medicaid, not CHIP. See Donna Cohen Ross and Caryn Marks, "Challenges of Providing Health Coverage for Children and Parents in a Recession," Kaiser Commission on Medicaid and the Uninsured, January 2009.

² "Losing Ground: Declines in Health Coverage for Children and Families in Mississippi," the Mississippi Center for Justice and the Mississippi Health Advocacy Program, Fall 2007.

³ "Losing Ground," *op cit*.

and children are for those whose coverage had previously lapsed.⁴

This “churning” of eligible beneficiaries distracts from other major problems that Mississippi faces on the health-care front: widespread poverty, large numbers of uninsured adults and children, many of whom are eligible for Medicaid or CHIP but are not enrolled, and an infant death rate that has risen in recent years.⁵ To tackle these very serious issues, the state should make it easier for eligible people to get and keep their benefits by eliminating the face-to-face rule.

While Mississippi has made its eligibility procedures for Medicaid and CHIP more restrictive, many other states have eliminated face-to-face interviews, reduced the amount of paperwork that enrollees must supply, and otherwise made it easier to access needed benefits.

Face-to-Face Policy Not Shown to Reduce Fraud

Supporters of the face-to-face interview requirement, most prominently Mississippi Governor Haley Barbour, often claim that it has reduced fraud. On March 5, a press release from the Governor’s office said the state’s Medicaid and CHIP programs “were among the best in the nation at keeping fraudulent payments low.” The release went on to cite “eligibility error rates” for Mississippi — 0.95 percent in Medicaid and 3.3 percent in CHIP — that showed “fewer instances of fraud than the national average,” which the Governor, in a quote, attributed to face-to-face interviews.⁶

However, the press release is fraught with errors and is misleading in numerous ways:

- The “error rates” reported in the press release *do not* measure fraud, so it is misleading to present them as support for the claim that face-to-face interviews “help keep incidents of fraud low.” Rather, the “error rates” in the press release come from the Payment Error Rate Measurement program (PERM). PERM does not measure fraud. It is intended to examine how often states make mistakes in eligibility decisions and in paying medical claims. (See box on page three for more details on PERM.)
- Even for its intended purpose, the PERM process is flawed and overstates the “errors” in SCHIP and Medicaid. PERM counts as errors many circumstances that were not errors at all. (See explanation in box.) The governor’s press release relies on an artificially high “national average” that includes many cases when states may have made the correct eligibility determinations and correctly paid for covered medical services, but lacked some detailed paperwork.

⁴ “Losing Ground,” *op cit*.

⁵ “Losing Ground,” *op cit*. See also, Shelia Byrd, “Children’s Advocate says Miss. problems persist,” Associated Press, November 27, 2008 and Erik Eckholm, “In Turnabout, Infant Deaths Climb in South,” *The New York Times*, April 22, 2007.

⁶ “Governor Barbour Announces Low Error Rates for Medicaid, SCHIP Programs,” press release from the Office of the Governor, March 5, 2009. <http://www.governorbarbour.com/news/2009/mar/Medicaiderrortatelow.htm>. Accessed March 17, 2009. As of March 24, the press release no longer appears on the Governor’s Web site.

The Payment Error Rate Measurement (PERM) Program

PERM is a national, rotating review of states' Medicaid and CHIP programs that is intended to examine how often states make mistakes in eligibility determinations (either rejecting eligible people or covering ineligible ones) and payment of medical claims (i.e., paying for uncovered services). Mississippi is one of the states undergoing a fiscal year 2008 review. The final results aren't likely to be public until at least the end of 2009.

As currently structured, the PERM process is flawed and overstates the "errors" in CHIP and Medicaid. In fiscal year 2007, the first year of full PERM implementation, a significant portion of PERM "errors" were the result of paperwork problems, including cases when hospitals and nursing homes failed to provide sufficient backup documents to support paid claims. These were counted as errors even if the medical claims were correctly paid and medically necessary. Errors also were counted when states followed their own eligibility procedures, in accordance with federal law, but did not provide extra backup documents that are not necessary under those procedures. The eligibility decisions may well have been correct but were nonetheless counted as mistakes under PERM. Both of these factors contributed to high PERM "national error rates" of 10.5 percent for Medicaid and 14.7 percent for CHIP. Notably, CMS officials told congressional staff that the fiscal year 2007 PERM results did not meet the required standard for statistical precision. CMS attributed this in part to the "substantial" number of cases when eligibility information could not be verified under PERM's stringent requirements.

In recognition of PERM's flaws, and to prevent PERM from chilling states' efforts to simplify eligibility, Congress passed a law in February that will improve PERM in several ways, including by not counting as errors times when states check eligibility using simplified procedures that reduce paperwork.⁵

The bottom line is that PERM overstates the supposed errors in Medicaid and CHIP and will soon be modified because of a recent change in federal law. Mississippi should not use the 2007 data to gauge its Medicaid and CHIP performance.

- The press release compares Mississippi's fiscal year 2008 eligibility rate to earlier national PERM rates from fiscal year 2007. CMS officials have said the 2007 results do not meet the level of statistical precision that the law requires for PERM.
- The Mississippi rates reported in the press release are *only* for the eligibility component of the PERM review, not for medical claims. The national number includes eligibility *and* reviews of fee-for-service and managed-care claims. The fiscal year 2007 national results for just eligibility, which are more comparable though still problematic, were 2.9 percent for Medicaid and 11.0 percent for CHIP.⁶

⁵ Public Law No. 111-13, February 4, 2009.

⁶ Department of Health and Human Services, "FY 2008 Agency Financial Report," November 17, 2008, <http://www.hhs.gov/afr/> (Section III, pages 66-72.). The Governor's press release puts the decimal points for the PERM rates in the wrong place. It reports error rates of 0.0095 percent in Medicaid and 0.0333 percent in CHIP for Mississippi, and 0.105 percent in Medicaid and 0.147 percent in CHIP for the nation. In all of these figures, the decimal points should move two places to the right.

- Similarly, if eligibility cases that could not be verified under PERM’s overly strict documentation requirements — so-called “undetermined” cases — are removed, the national error rate would be 2.4 percent for Medicaid and 2.7 percent for CHIP.⁷

Interviews Not Needed To Check Income

The press release claims that face-to-face meetings help reduce “fraud” by requiring beneficiaries to disclose their incomes annually. But face-to-face interviews are not needed to keep track of income eligibility, and Mississippi could get rid of its requirement for face-to-face interviews without having any resulting impact on the error rates touted in the press release. Most states require Medicaid and CHIP beneficiaries to disclose income information on an annual basis using far less burdensome methods. In fact, some states permit beneficiaries to avoid submitting pay stubs altogether, by allowing them to provide information about their incomes in a signed statement under penalty of perjury. Then, the state checks the information against wage databases. If it is confirmed, eligibility is granted.

Supporters of Mississippi’s face-to-face interview requirement have used flawed data in a misleading way to prop up a policy that, in better economic times, was a clear failure. Now, as a growing number of families struggle with unemployment and economic hardship, Mississippi has continued to impose this unconscionable barrier on uninsured families seeking health coverage. Instead of wasting time and resources on rooting out illusory fraud, the state should focus on helping low-income families by simplifying eligibility procedures for Medicaid and CHIP.

⁷ The press release does not detail how many of the cases counted in Mississippi’s eligibility error rate were “undetermined.”