

Indiana Family and Social Services
Administration, Office of Medicaid Policy and
Planning

Medicaid Estate Recovery Centralization and
Automation Project

Contact: Andrea Vermeulen, Grant Specialist, FSSA Grants Office
Phone: 317-234-2129 Fax: 317-232-7382
Andrea.Vermeulen@fssa.in.gov

PROJECT ABSTRACT

The Indiana Family and Social Services Administration (FSSA), Office of Medicaid Policy and Planning (OMPP) is requesting \$124,880 in Medicaid Transformation Grant funds to centralize and automate Medicaid estate recoveries, with a goal of increasing recoveries by 50% in the first year, an additional 50% in the second year, and sustained operations at the increased level thereafter.

Over the past four years, the state general assembly has strengthened statutes to improve the state's position in estate recovery, but without administrative action and system enhancement, the impact of these improvements will be limited. Medicaid estate recoveries in Indiana reached a plateau of just under \$8 million per year between 2004 and 2006.

Indiana OMPP proposes to improve estate recovery rates by improving on internal technology, improving work processes and coordinating with external technology projects that will provide vital information to our system. Grant funds will be used to set up a centralized office, install hardware and software to conduct data matches with counties and other entities, develop and implement data matching policies and procedures, and incorporate success measurements and reporting tools for the project and for ongoing operations.

Indiana OMPP will coordinate with an on-going effort to automate probate records that is being carried out in counties across the state. Of the 92 county court systems in Indiana, 34 counties have made installations of the DOXPOP system and 55 counties plan to install the system in the next two years. The remaining three counties already operate different automated probate record systems. Indiana OMPP will begin centralized data matches through the Indiana State Department, the DOXPOP system and the 3 independent county systems. This will allow for automated case tracking for estate recovery and assure that candidate cases are not overlooked.

Indiana anticipates increasing recoveries from approximately \$8 million to \$11 million by the end of the first full project year. Additional increased in grant year two should bring annual recovery totals to \$15 million.

The state is committed to ongoing funding and operation of the centralized and automated estate recovery program after the conclusion of the grant period.

PROJECT NARRATIVE

Statement of Project Need

Estate recovery in Indiana has traditionally been a function of the county welfare offices dating back to at least the later 1940s. With the creation of the Indiana Family and Social Services Administration (FSSA) in 1988, the county “welfare” offices all became part of the FSSA, thus transitioning from county government agencies to part of the newly created state agency. With that transition, the implementation of new systems, and new priorities, estate recovery did not receive the emphasis it had when it was run by county governments and county revenue was at stake.

During this time, the state allowed counties to determine how they wanted to conduct estate recovery. Counties could choose to allow the county attorneys the option of conducting estate recovery on a contingency fee basis or continue to conduct estate recovery with county office staff. About one-third of the counties conducted estate recovery using county office staff, and about two-thirds referred estate recovery cases to the county attorney. There have always been a limited number of counties that did not perform estate recovery at one time or another due to a lack of staff or other priorities. In some counties the county attorney was not interested in performing estate recovery and under the terms of the contract, this function was optional. Consequently estate recovery was not uniformly conducted statewide and each county had little central office direction or support.

In July 2001, central office support for estate recovery was transferred from the Family and Social Services Administration’s Finance and Budget Section to the Office of Medicaid Policy and Planning in order to provide greater emphasis on estate recovery

and provide better policy and data documentation support to the local offices. While this change resulted in a dramatic increase in the dollars recovered (from \$3.4 million in SFY 2001 to \$7.4 million in SFY 2003), the amount the state is recovering has reached a plateau. Recoveries in SFY 2004, 2005, 2006 were \$7.4 million, \$8.2 million and \$7.7 million respectively.

Beginning in 2002 and in subsequent years (2003, 2004 & 2005) the Indiana General Assembly has amended the estate recovery provisions of the Medicaid statute in various ways that both strengthened and weakened the ability of the Medicaid program to pursue recovery. In the 2005 session of the General Assembly, amendments were enacted to correct several deficiencies with previous amendments resulting in more stringent estate recovery statutes, namely eliminating exemptions on real property, removing limitations on claims against a surviving spouses estate, and enacting provisions for claims against non-probate assets and making the remainder beneficiary of an annuity liable for repayment of Medicaid expenditures. While the statutes have been strengthened, there continues to be a need to take administrative action to ensure that provisions are fully implemented.

Thus the current status of estate recovery is the result of several factors including:

- failure to identify and follow-through on all cases which may be subject to estate recovery due to lack of staff, staff turnover, high caseloads, or competing priorities.
- a lack of systems to identify former recipients who were not Medicaid recipients at the time of death;
- a lack of systems to identify non-recipient surviving spouses so that recovery may be pursued against the surviving spouse's estate;

- a failure to identify cases where an individual is on Medicaid in one county, but their estate is probated in another county or another state.

The goal of this project is to improve the effectiveness and efficiency of estate recovery through centralization of functions in the Office of Medicaid Policy and Planning, the use of automated systems to conduct data matches, standardization of procedures, and the application of new technology.

The decision to centralize estate recovery within the Office of Medicaid Policy and Planning was made in May 2006 and is currently in the transition stage. It is anticipated that centralization will be fully implemented by the end of December 2006. While many states have centralized estate recovery units, this project will take advantage of existing data bases (Medicaid, Vital Statistics etc.) and developing systems under the auspices of the Indiana State Supreme Court that allow for more efficient and effective methods of identifying potential subjects for recovery through automated data matches.

One data extract and three data matching projects will be initiated:

1. A data extract from the client eligibility system to identify a non-Medicaid recipient spouse including name, address, county of residence, DOB, SSN and telephone number.
2. A match of Medicaid recipients aged 55 and over against Indiana Department of Health vital statistic records (death certificates) to identify all Medicaid recipient deaths, including former recipients not on Medicaid at the time of death and the surviving spouse of deceased recipients upon his/her death.
3. A data match of Medicaid recipient data, surviving spouse and former recipients not currently on Medicaid against the local courts electronic docket to identify probated estates and trusts. In Indiana, there are currently 34 counties (out of 92), with a combined

population of 1,857,818 (29.6 % of the state's total population) participating in the on-line docket and records system (DOXPOP). It is anticipated this system will cover half of the state population by the end of 2006. Data matches can also be initiated with Marion, Lake and Floyd counties, which have separate on-line court records systems. Marion and Lake counties are the state's two most populous counties respectively and combined with Floyd County have a total population of 1,428,427 (22.8% of the total state population).

4. A data match of Medicaid recipients against the Attorney General's Office unclaimed property data base, which will not only assist estate recovery, but Medicaid eligibility determinations as well.

Project Justification

This project will contribute to improving the effectiveness and efficiency of the state's Medicaid program in the following ways:

1. The cost of recovery will be reduced from the system currently in place by reducing the overhead cost of collection through a reorganization of this function and elimination of contract attorneys paid on a contingency fee basis.
2. The identification of potential estates for recovery will be made more efficient by replacing a manual paper system with an automated system of identification through a series of interrelated data matches.
3. Automated data match systems will provide identification of surviving spouse's estates, estates of former Medicaid recipients not receiving Medicaid at the time of death, and estates opened in counties other than the county where the recipient was residing (usually in a nursing facility outside the

recipient's home county), all of which are largely undetected under the current system. In addition, it will provide more timely identification of estates opened for probate. Identification of each of these will expand the state's potential to recover additional funds.

Project Goals and Outcomes

The primary goal of this project is to increase the number of estates identified and from which collections are concluded, resulting in a 100% increase the total dollars collected. A second goal is to reduce the state's collection costs through automation and efficiency. The following outcomes are anticipated:

- By the end of the first year of the project, the estate recovery unit will increase the amount collected from approximately \$7.7 million to \$11.5 million (a 50% increase).
- By the end of the second year of the project, the estate recovery unit will increase estate recovery collections to approximately \$15.5 million (an additional 50% increase).
- By the end of the first year of the project, the ratio of collection costs to dollars collected will be reduced from an estimated 20% to 5%.

Estimate of Impact to Beneficiaries

Each year, approximately 12,000 current Indiana Medicaid recipients aged 55 and over die. Of these, approximately twenty (20%) percent have a surviving spouse. In addition, there are an unknown number of former recipients who die each year who are not on Medicaid at the time of death and are undetected for purposes of estate recovery.

Description of Magnitude of the Transformation/System Change

Initially the DOXPOP data match component of the project will cover approximately 34-45 of Indiana's 92 counties and will gradually expand to other counties within the two year grant period. By the end of 2006, it is expected that about half of the state's population will be covered under this system and will continue to grow in succeeding years covering nearly all of Indiana by the end of calendar year 2008. With the project, the identification of estates of Medicaid recipients, surviving non-recipient spouses, and deceased former recipients who died after going off Medicaid will be automated, providing timely and complete information on open estates, and thereby enabling Medicaid to file claims in many estates that have largely gone unidentified. Consequently, the state will save money by reduced man hours expended in the identification of estates, while significantly increasing the dollars collected. It is expected that with the centralization of estate recovery and the use of data matching technology, the amount of funds recouped from estates should double by the end of the project period.

This project should be replicable to the remainder of the state as additional counties are brought into the system as well as in other states that have or are developing on-line court docket systems.

Description of Sustainability of the Project

The State of Indiana is committed to sustain the project after project funding ends in conformance with the mandate of OBRA '93 and in recognition of the positive impact and efficiencies this project will have on the ability of the state to collect from estates and the resulting enhancement of revenues to the Medicaid program. The grant will fund up-

front technology and implementation costs. OMPP will commit to sustaining any additional staff needed to keep they system fully operational.

Evaluation Plan

The project will develop baselines measures of estate recovery to use in comparing estate recovery utilizing automated processes versus estate recovery where those processes are not employed. As only part of the state will have the automated systems it will be possible to evaluate and measure the effectiveness of the automated systems as a tool to improve estate recovery both in volume of recoveries and the total amount of dollars collected.

Description of Project Implementation Readiness

The State of Indiana is prepared to begin implementation as soon as grants funds are awarded. The centralization of estate recovery within the Office of Medicaid Policy and Planning was authorized in May and is currently in transition. The Estate Recovery manger, Mike Staesnick has been with OMPP for several years and is ready It is anticipated that centralization will be completed by the end of December 2006. Our data matching efforts are well timed with the on-going expansion of the DOXPOP system to all Indiana counties.

<u>Implementation Schedule</u>	<u>Date</u>
• Transition estate recovery to central office	January 2007
• Order and install computer equipment	December 2006
• Develop baseline measures for tracking and evaluation	December 2006
• Design and establish case statistics database	December 2006
• Develop data match parameters	December 2006
• Design data match with ISDH	December 2006

- Test data match results December 2006
- Begin regular data match January 2007
- Design data match parameters with DOXPOP System January 2007
- Test DOXPOP data match January 2007
- Meet with County Clerks to develop data match February-March 2007
- Begin data matches with county docket systems April 2007
- Design unclaimed property data match with AG's office May 2007
- Test unclaimed property data match May 2007
- Begin regular unclaimed property data match June 2007
- System fully operational June 2007

BUDGET

BUDGET ITEMS	FFY 2007	FFY 2008	Total
Personnel	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0
Contractual Costs			
ICES extract programming	\$1,000	\$0	\$1,000
ISDH data match	\$9,550	\$6,890	\$16,440
DOXPOP	\$14,400	\$12,000	\$26,400
Marion Co. data match	\$3,000	\$3,000	\$6,000
Lake Co. data match	\$3,000	\$3,000	\$6,000
Floyd Co. data match	\$1,500	\$1,500	\$3,000
Unclaimed property data match	\$9,550	\$6,890	\$16,440
Supplies			
Letterhead	\$600	\$600	\$1,200
Envelopes	\$3,250	\$3,250	\$6,500
Printer/Scanner cartridges	\$1,200	\$1,200	\$2,400
Equipment			
Computer server (1)	\$1,000	\$0	\$1,000
Computers w/software licenses (3)	\$8,000	\$0	\$8,000
Multi-function document printers (5)	\$1,700	\$0	\$1,700
Telephones (3)	\$400	\$0	\$400
Other costs			
Toll free telephone line	\$1,000	\$1,000	\$2,000
Printing	\$1,000	\$1,000	\$2,000
Postage	\$12,000	\$12,400	\$24,400
TOTAL	\$72,150	\$52,730	\$124,880