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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 16, 2016

Howard A. Zucker, M.D., J.D.
Commissioner
Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Re: Program Oversight and Monitoring of
the Maximus Contract for the New York
State of Health (Insurance Marketplace)
Customer Service Center
Report 2015-S-80

Dear Dr. Zucker:

On September 17, 2015, we engaged an audit of the Department of Health's efforts to oversee the performance aspects of its contract with Maximus Inc. (Maximus) for the period June 1, 2012 through February 3, 2016. The objective of our audit was to determine whether the Department is providing sufficient oversight to ensure that Maximus is implementing the contract as intended, producing required deliverables, and meeting specified performance standards.

Background

In August 2010, the Department contracted with Maximus to create a statewide enrollment center for the public health insurance programs. This included a statewide call center along with a telephone and mail-in renewal system. Beginning in 2012, the Department made several amendments to the contract to increase efficiencies of the enrollment center and to comply with new Medicaid eligibility requirements imposed by the federal Affordable Care Act (ACA), including basing eligibility determinations on applicants' Modified Adjusted Gross Income. Additionally, in October 2013, the Department launched a State-based program consistent with ACA requirements known as the New York State of Health (Marketplace). The Marketplace helps New Yorkers shop for and enroll in health insurance coverage. Furthermore, the Marketplace assists users to compare insurance options; calculate costs; select coverage online, in person, by telephone, or by mail; check eligibility for, and process enrollment in, State-managed programs such as Medicaid; and otherwise determine what type of financial assistance may be available to them.

The contract amendments require Maximus to staff and operate a Customer Service Center to assist users of the Marketplace. The Customer Service Center includes a Contact Center and an Eligibility and Enrollment Unit. The Contact Center provides multi-channel assistance to all types of consumers of the Marketplace, including statewide customer support for individual and small business users, as well as for Medicaid, Medicaid Managed Care, and Child Health Plus enrollees. This support includes referral procedures for newly applying populations to apply through the Marketplace. The Eligibility and Enrollment Unit is an administrative operation that provides centralized eligibility and enrollment processing, including linking documents to user accounts, processing verification documents, and facilitating eligibility determinations.

The contract also requires Maximus to:

- Meet performance standards related to timely processing, accuracy, and reporting on its operations of the Customer Service Center, or face a reduction in monthly reimbursement; and
- Conduct monthly quality assurance reviews of the operations of the Contact Center and Eligibility and Enrollment Unit. This includes reporting the results monthly to the Department.

The Department's Division of Eligibility and Marketplace Integration, through its Bureau of Quality Management and Change Control (Bureau), monitors Maximus' performance through its own quality assurance reviews. Bureau staff conduct routine quality assurance reviews of 11 business functions, which include reviews of inbound calls, web chats, and documents that have been processed through the Customer Service Center. Also, Bureau staff meet regularly with Maximus officials to discuss issues found during these quality reviews and to discuss needed corrective actions. Corrective actions may include a call back to an individual Marketplace user, providing additional training or coaching to Customer Service Center staff, and/or revisions to work procedures.

Results of Audit

The Department has an effective quality assurance system to ensure that Maximus is complying with contract performance requirements and meeting established standards. However, we identified some areas where the Department can make further improvements in its processes, some of which have already been implemented during the course of our audit. These include: requiring Maximus to provide the Department its complete sample population for each business function reviewed, including those calls/documents discarded from review along with the reasons; reviewing the discarded calls/documents for reasonableness; and increasing staffing to complete more quality assurance reviews to further ensure Maximus meets performance standards.

As of January 2016, the Department requires Maximus to provide its complete sample populations to the Department, including discarded items. Additionally, the Department plans to implement a routine review of discarded items, and plans to hire additional staff to increase the number of quality assurance reviews.

Department Sampling Procedures

The Department's quality assurance review process is predicated on Maximus providing a sampling of calls, documents, and web chats that it has processed during the monthly review period. For its own internal reviews, we found Maximus selects a statistically valid random sample of 1,000 items per function, with the first 383 items functioning as the primary sample to be reviewed, and the remaining group as the secondary pool that is used to replace any primary items which are discarded from review for various reasons.

Prior to our audit, the Department only required Maximus to provide it with a subset of its total sample population for each business function reviewed. The Department's review then consisted of a further subset of these calls and documents. For example, the Department required Maximus to submit only 200 of the 383 verification documents it sampled, and then had an internal goal to review 70 of the 200 submissions.

By not providing the Department with the entire sample population, there was a risk that Maximus could skew the sample by providing only higher-quality calls, web chats, and documents. Additionally, the Department did not receive and review any information about discarded items to ensure their reasonableness, resulting in a similar risk that Maximus could discard items solely because they were of lesser quality. These risks are increased when considering that Maximus must meet certain performance standards or face a reduction in its monthly reimbursement.

We compared the samples used by Maximus and provided to the Department for General Inquiry and Telephone Applications, Web Chats, and Verification Documents for varying months in 2015 and found no evidence that samples were manipulated. However, we did find inconsistencies in how the items provided to the Department were selected by Maximus. For instance, the Web Chats samples provided for February, April, and May were all selected differently. Specifically, we determined that:

- For February, the Department's sample included none of Maximus' own primary sample, but rather the last 350 items selected for the secondary sampling pool.
- In April, Maximus provided the Department with a sample that included its own primary sample items, with replacements selected from the last items it had pulled for its secondary sampling pool; and
- For May, the sample also included primary sample items, but replacements had been selected from the first items pulled for the secondary sample.

Conversely, the Verification Documents samples provided by Maximus for July, September, and November each included only primary sample items.

After we discussed this concern with Department officials, they immediately took action and, effective January 2016, required Maximus to provide the primary and secondary samples for each business function, noting which items were discarded. This allows the Bureau to verify the discarded items and ensure no sample modifications have occurred.

Actual Number of Quality Assurance Reviews Conducted

The Department has established goals for the number of items it examines during each monthly quality assurance review. These goals vary depending on the business function. For instance, the monthly review goals for Web Chats, Verification Documents, and General Inquiry and Telephone Applications are 175, 70, and 200, respectively.

We compared actual reviews completed by the Department against these goals, selecting different months in 2015 for each of the three business functions. However, in only one instance (the review of Verification Documents done in September 2015) did the Department actually meet its goal. Overall, for the periods we reviewed, the Department achieved 91 percent of its goal for its review of Verification Documents, 46 percent of its goal for Web Chats, and 21 percent of its goal for General Inquiry and Telephone Applications. Department officials noted that the General Inquiry and Telephone Applications review is a recent combination of two reviews that were previously done separately, often by different staff. Officials expressed confidence that their ability to meet the monthly goal of 200 items will improve once all staff have been appropriately trained.

Officials also explained that one reason goals are frequently not met is that staff are often involved in other customer-oriented tasks that take priority. In addition to monitoring Maximus' performance, the Bureau is responsible for issuing replacement benefits cards to enrollees, as well as for processing referrals from the Customer Service Center to appropriate Department staff. Fewer quality reviews are completed when staff are busy with these other functions, particularly during peak activity periods.

At the onset of our audit, Bureau officials indicated they planned to hire about 33 additional staff to handle these functions and bolster the quality assurance program. Bureau officials anticipate that the new staff will allow it to increase the number of reviews completed across all quality assurance areas. According to Department officials, the new staff will be expected to work 80 hours a month on quality assurance reviews, and the remainder of their time will be spent on other operations related to the Marketplace. Further, Bureau officials advised us that the proposed positions have been approved, and they plan to hire most of the new staff by March 31, 2017. Officials also indicated that, as of May 4, 2016, the Department had hired four of the additional staff.

Recommendations

None are required. As detailed in this report, at the time we completed our audit fieldwork, Department and Bureau officials had already taken actions to address the matters we identified to help ensure Maximus' compliance with prescribed performance standards.

Audit Scope, Objectives, and Methodology

We audited the Department's efforts to oversee the performance aspects of its contract with Maximus for the period June 1, 2012 through February 3, 2016. The objective of our audit was

to determine whether the Department is providing sufficient oversight to ensure that Maximus is implementing the contract as intended, producing required deliverables, and meeting specified performance standards.

To accomplish our objective, we reviewed the Department's contract with Maximus as well as related contract amendments, reviewed Department work instructions, and interviewed Department and Maximus officials. We also examined the Department's internal controls over monitoring activities and assessed their adequacy as they related to our objective.

In addition, we reviewed both the Department's and Maximus' quality assurance processes, including their sample selection methodologies. We performed tests to compare monthly sample populations for the top three of 11 business functions examined. Our selection was based on the Department's sample size and included the Web Chats, Verification Documents, and General Inquiry and Telephone Applications functions. For each function, we randomly selected three different months in calendar year 2015 for review to total nine separate months. In addition, we used the same sample methodology to review actual number of quality reviews completed by the Department and compared these results with the Department's own performance goals.

We conducted our performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Reporting Requirements

A draft copy of this report was provided to Department officials for their review and formal comment. We attached the Department's comments to the end of this report. Department officials generally agreed with our observations and took immediate action to implement corrective actions where warranted.

Major contributors to the report were Walter Irving, Amanda Eveleth, Scott Heid, Charles Lansburg, and James Rappaport.

Please convey our thanks to your management and staff for the courtesies and cooperation they extended to our auditors during this review.

Very truly yours,

John F. Buyce, CPA, CIA, CFE, CGFM

cc: Diane Christensen, DOH Internal Audit
Division of the Budget

Agency Comments



Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

June 6, 2016

Mr. John Buyce, Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Re: Program Oversight and Monitoring of the Maximus Contract for the NY State of Health
Customer Service Center, Report 2015-S-80

Dear Mr. Buyce:

The Department of Health is pleased your audit indicated, "The Department has an effective quality assurance system to ensure that Maximus is complying with contract performance requirements and meeting established standards." We appreciate that you made no recommendations as we were able to implement your suggested improvements during the course of the audit.

Thank you for the opportunity to comment.

Sincerely,

Sally Dreslin, M.S., R.N.
Executive Deputy Commissioner

cc: Michael J. Nazarko
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