



# Legislative Report

## Activities of the State Medical Review Team

### Fiscal Year 2019

#### Health Care Eligibility and Access

February 2020

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Minnesota Statutes, Chapter 3.197, requires the disclosure of the cost to prepare this report. The estimated cost of preparing this report is \$1,381.

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# I. Executive summary

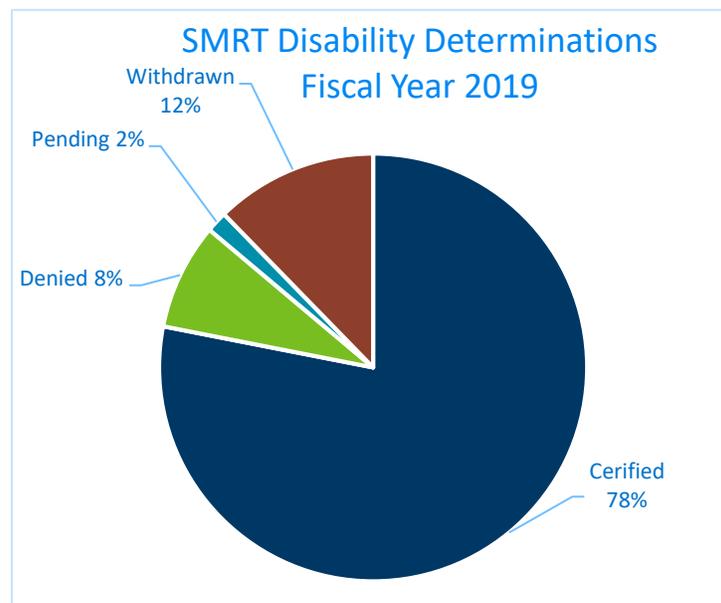
The Minnesota Department of Human Services' State Medical Review Team (SMRT) makes disability certifications that establish a basis of eligibility for Medical Assistance (MA), Minnesota's Medicaid program. Counties submit referrals to SMRT on behalf of their clients when a disability certification is necessary. The SMRT completes disability determinations according to disability criteria defined by the Social Security Administration (SSA).

SSA criteria allows SMRT to certify disability for a period of one to seven years. At the end of the certification period, SMRT examines updated medical evidence to determine whether the client's impairment has improved. In fiscal year 2019, 22 percent of SMRT disability determinations were Continuing Disability Reviews (CDR).

The SMRT received 7,104 referrals in fiscal year 2019:

- The average SMRT client was 25 years old
- 63% did not have health care coverage at referral
- 29% had an active application for SSA disability benefits
- 12% were in the hospital in the three months before they were referred to SMRT

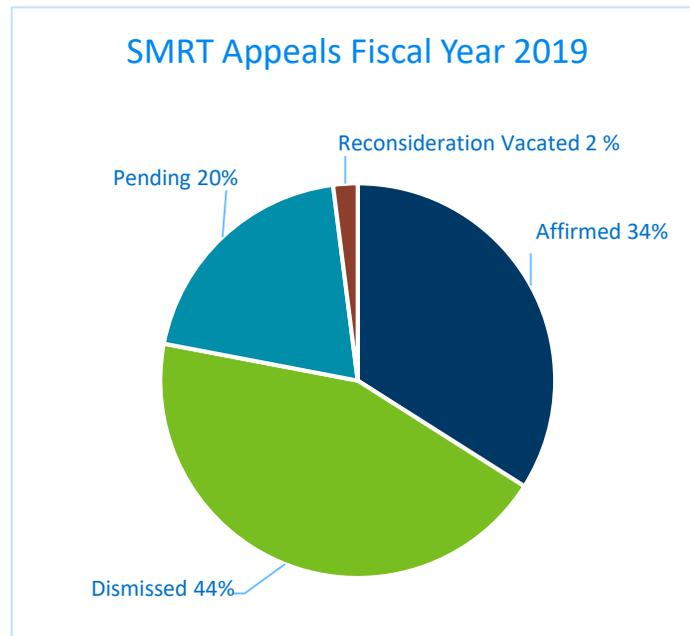
SMRT referrals result in a disability certification or denial, although a few remain pending while the SMRT obtains medical evidence to make a determination. Some clients withdraw referrals. The average length of time from referral to a decision was **88 days**.



Of the 7,104 FY 2019 referrals, the SMRT:

- certified 5,547 (78 percent)
- denied 572 (8 percent)
- pended 113 (2 percent)

Clients withdrew 872 referrals (12 percent).



Of the 572 denials, 50 (about 9 percent) were appealed. The DHS Appeals Office ruled on these appeals as follows:

- 22 were dismissed (44 percent)
- 17 were affirmed (34 percent)
- 10 are pending (20 percent)
- 1 had a reconsideration vacated (2 percent)
- 0 were overturned (0 percent)

The “Reconsideration Vacated” result reflects a case where the Human Services Judge overturned the SMRT denial. The SMRT requested reconsideration from the DHS Appeals Office and the Appeals Office vacated the Human Services Judge decision. This resulted in SMRT’s initial denial being affirmed.

The average length of time from DHS receipt of an appeal request to a decision was **87 days**.

## II. Legislation

Minnesota Statutes section 256.01, subdivision 29, mandate this report (c)

- c) The commissioner shall provide the chairs of the legislative committees with jurisdiction over health and human services finance and budget the following information on the activities of the state medical review team by February 1 of each year:
  - 1) the number of applications to the state medical review team that were denied, approved, or withdrawn;
  - 2) the average length of time from receipt of the application to a decision;
  - 3) the number of appeals, appeal results and length of time taken from the date the person involved requested an appeal for a written decision to be made on each appeal;
  - 4) for applicants, their age, health coverage at the time of application, hospitalization history within three months of application, and whether an application for Social Security or Supplemental Security Income benefits is pending; and
  - 5) specific information on the medical certification, licensure or other credentials of the person or persons performing the medical review determinations and length of time in that position.

### III. Introduction

This report was prepared in response to a mandate under Minnesota Statutes, section 256.01, subdivision 29(c). This report lays out the results of the data requested by statute. It includes a brief background to familiarize the reader with the disability determination process and an explanation as to why data may vary from previous years.

- It includes fiscal year data for activities performed by the Department of Human Services (DHS) SMRT and Appeals & Regulations.
- SMRT staff compiled and wrote this report with input from data specialists in the DHS Health Care Research and Quality and the Appeals & Regulations Divisions.
- Staff met in November and December to isolate the data, address discrepancies, and interpret and present the results.
- The cost to produce this report was \$1,381.

## IV. Background

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

SMRT functions parallel to the disability determination process used by SSA. The SSA does not recognize a SMRT disability determination, so it cannot result in eligibility for any federally administered program.

### Social Security Administration Process

SSA criteria for a disability determination follows a five-step process designed to determine how an applicant's physical and/or mental condition affects their ability to work or perform activities of daily living. The five steps are:

1. Financial screens to identify applicants who work and are engaged in substantial gainful activity (SGA). To be eligible for benefits, a person cannot receive employment income that is greater than the monthly SGA amounts. The SGA figures for calendar years 2018 and 2019 are listed below since the state fiscal year 2019 crosses portions of both calendar years. A person engaged in SGA is not eligible for Social Security disability benefits

**Table 1 - Monthly Substantial Gainful Activity (SGA) Amounts by Disability Type**

Year	Blind	Non-blind
2018	\$1,970	\$1,180
2019	\$2,040	\$1,220

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

Impairment-related medical evidence is required for a disability determination. Children applying for MA services under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) option also must demonstrate that

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

### **The SMRT Process**

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

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

At the end of the certification period, SMRT may complete a continuing disability review (CDR). Following SSA criteria, SMRT collects and examines current medical evidence to determine whether the severity of the client's impairment has improved since their last review. In fiscal year 2019, 22 percent of disability determinations were CDRs.

# V. Methodology

The data used in this report came from two sources:

1. The SMRT case management system
2. The state's data warehouse, specifically the Medicaid Management Information System (MMIS) and MAXIS. MMIS is the claims payment system and MAXIS is the legacy eligibility system

The SMRT case management system tracks the status of a referral from the date received to the date a disability or appeal decision is made. It records personal information about a client including name, age, state identifiers and the program they applied for.

Data from the SMRT case management system is searchable via query in Crystal Reports, cross-checked against original documents and matched against data from MMIS and MAXIS through the state's data warehouse.

DHS staff analyzed referrals and appeals received from July 1, 2018, through June 30, 2019, through to their completion, including case decisions made after the date range.

A SMRT data specialist extracted data from the SMRT case management system on October 27, 2019. This data was sufficient to complete the statutory requirements in paragraphs (1) and (2); the number of appeals, appeal results, and the length of time from appeal request to written decision in paragraph (3); and the age requirement in paragraph (4).

Data from the state's data warehouse, specifically MMIS and MAXIS was sufficient to complete the remaining statutory requirements in paragraph (4). A data specialist from DHS' Health Care Research and Quality Division extracted the following data from the state's data warehouse on November 14, 2019:

- Health coverage at the time of application
- Hospitalization history within three months of application; and
- Whether an application for Social Security Supplemental Security Income benefits was pending

SMRT staff provided the information listed in statute under paragraph (5) regarding the qualifications and experience of the staff and medical professionals who perform the determinations.

# VI. Report Results

## A. Historical Results

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

Fiscal Year	Number of SMRT referrals	Change from Previous Fiscal Year
2016	5,001	-7%
2017	6,840	+37%
2018	7,200	+5%
2019	7,104	-1.3%

In fiscal year 2016, SMRT rolled out a new statewide case management system to county and tribal workers. The new case management system was designed to streamline the SMRT referral process and make it as efficient and standardized as possible. The ongoing work of testing, adjusting, and retesting system functionality to ensure the system met business needs took staff away from case processing, creating a backlog of cases. This initial backlog was compounded by a 44% increase in SMRT referrals from FY 2016 to FY 2018, while SMRT staffing levels remained the same.

Fiscal year 2017 saw a dramatic increase in referrals. A significant number of MA enrollees are disability waiver program recipients. Individuals must have a certification of disability from SMRT or SSA to access disability waiver services. People seeking access to the disability waivers account for 52 percent of SMRT referrals. Notably, the Community Access for Disability Inclusion (CADI) waiver has the largest enrollment of all the disability waivers. The legislature removed the cap on enrollment for the CADI waiver during the 2015-2016 biennium.<sup>1</sup> This resulted in a significant increase in CADI waiver recipients. In FY 2016 the number of CADI waiver recipients totaled 24,012. This increased to 26,967 in FY 2017, and 29,451 in FY 2018. CADI waiver

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

recipient enrollment is projected to increase through FY 2023.<sup>2</sup> CADI waiver recipient enrollment increased 25% from 2016-2018.

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

The November 2019 Expenditure Forecast projected disabled basic enrollment for Medicaid will continue to increase. It also projected disability waiver enrollment will continue to increase through FY 2023.

Implementation of legislative changes from the 2019 session included a 15% reduction in parental fees for TEFRA and disability waiver applicant and enrollees. The provision took effect July 1, 2019. The legislation is expected to increase enrollment in MA under the TEFRA Option and disability waivers, which would result in an increase in SMRT referrals for a disability determination to access those programs.

Finally, the 2016 American Community Survey reported that the percentage of Minnesotans reporting one or more disabilities increase with age, so as Minnesota's population ages we expect to see greater number of individuals with disabilities.

## B. Individual Report Results

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

- c) The commissioner shall provide...the following information on the activities of the state medical review team...:
  - 1) the number of applications to the state medical review team that were denied, approved, or withdrawn;

In fiscal year 2019, the SMRT received a total of **7,104 referrals**. Of the 7,104 referrals, 5,508 or 78 percent were new cases and 1,596 or 22 percent were Continuing Disability Reviews (CDR).

There are four outcome categories for a SMRT referral.

1. **Certified:** medical evidence shows the applicant is disabled according to SSA criteria.
2. **Denied:** medical evidence shows the applicant is not disabled according to SSA criteria.
3. **Withdrawn:** the referral was received, but no final determination was made.
4. **Pending:** the case was still pending or under review at the time the data was pulled.

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<sup>2</sup> Department of Human Services, Reports and Forecasts Division, November 2019 Background Forecast Table B3: Disabled Waiver (CADI)

**Table 2 - SMRT referrals outcomes fiscal year 2019**

<b>Outcome</b>	<b>Number</b>	<b>Percent</b>
<b>Certified</b>	5,547	78%
<b>Denied</b>	572	8%
<b>Withdrawn</b>	872	12%
<b>Pending</b>	113	2%

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

- c) The commissioner shall provide...the following information on the activities of the state medical review team...:
  - 2) the average length of time from receipt of the application to a decision;

For this report, SMRT staff

- calculated length of time in calendar days.
- defined “receipt of application” date as the date the county faxed the referral to SMRT.
- defined “decision” as the date of certification or denial.

For all SMRT referrals in fiscal year 2019, the average time from receipt of the referral to a disability decision was **88 days**.

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

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

The DHS Appeals Office received **50 appeals** on cases that SMRT denied in fiscal year 2019. There are four possible outcomes of appeals:

1. **Dismissed:** the DHS Appeals Office dismissed the appeal. In most dismissals, additional information was received and the case was returned to SMRT for a determination.
2. **Affirmed:** The DHS Appeals Office conducted a fair hearing and agreed with the original SMRT denial.
3. **Overtured:** The DHS Appeals Office conducted a fair hearing and disagreed with the original SMRT denial, resulting in a disability certification.
4. **Pending:** The appeal was still pending as of the date the data was pulled.

**Table 3 - SMRT appeals outcomes fiscal year 2019**

Result	Number	Percent
Dismissed	22	44%
Affirmed	17	34%
Overtured	0	0%
Pending	10	20%
Reconsideration Vacated	1	2%

The “Reconsideration Vacated” result reflects a case where the Human Services Judge overturned the SMRT denial. The SMRT requested reconsideration from the DHS Appeals Office and the Appeals Office vacated the Human Services Judge decision. This resulted in SMRT’s initial denial being affirmed.

The average length of time from the appeal request to an appeal decision was **87 days**.

For this report, SMRT staff:

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

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

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

- 3) for applicants, their age, health coverage at the time of application, hospitalization history within three months of application, and whether an application for Social Security or Supplemental Security Income benefits is pending;

“Age” is defined as the applicant’s age on the date of application. In fiscal year 2019, the **average age** of a SMRT applicant **was 25**.

“Health coverage at the time of application” is defined as any known third-party liability insurance coverage on the date of application. Of **7,104 applicants, 1,845 or 26 percent**, had third-party liability insurance coverage on the date of application.

Third-party liability	Number	Percent of total
Yes	1,845	26%
No	4,493	63%
Unknown	766	11%

“Hospitalization history within three months of application” is defined as an inpatient admission associated with the applicant based on claims data available to DHS. Admissions to Skilled Nursing Facilities were not included. “Within three months of application” is defined as three months prior to the date of application to three months after the date of application. The numbers are listed separately for each three month period. An applicant may have had a hospitalization(s) in both the three months prior to and after the application date.

Of 7,104 applicants, **872 or 12 percent**, were hospitalized in the **3 months prior** to the date of application.

Hospitalized 3 months prior to application date	Number	Percent of total
Yes	872	12%
No	6,232	88%

Of 7,104 applicants, **546 or 8 percent** were hospitalized in the **3 months after** the date of application.

Hospitalized 3 months after application date	Number	Percent of total
Yes	546	8%
No	6,558	92%

*“Whether an application for Social Security or Supplemental Security Income benefits is pending”* is based only on data available in the DHS data warehouse. The data was filtered to isolate SMRT applicants who had applied for Supplemental Security Income (SSI) and/or Retirement, Survivors, and Disability Insurance (RSDI), and then filtered again to include only applicants whose status was listed as “appealing,” “denied,” “eligible,” or “pending.”

Of 7,104 applicants, **2,073 or 29 percent**, had an application for SSI or RSDI pending with the Social Security Administration on the date they applied.

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

- c) The commissioner shall provide...the following information on the activities of the state medical review team...:
  - 5) specific information on the medical certification, licensure, or other credentials of the person or persons performing the medical review determinations and length of time in that position.

The following qualified staff performed medical review determinations for SMRT in fiscal year 2019:

- Clinical Reviewer: 13 years with Social Security disability reviews and 4 years with SMRT.
- Appeals Specialist: 9 of Social Security disability law and policy and 1 year with SMRT.
- 11 Disability Analysts: 76 combined years with Social Security disability reviews and 35 years with SMRT.

These professionals have **138 combined years of experience** performing Social Security disability reviews.

## VII. Summary

SMRT saw a 42.8% increase in SMRT referrals from FY2016 to FY2019 while staffing levels remained largely the same. The significant increase in referrals was primarily due to the removal of the CADI disability waiver cap in 2015. Individuals seeking access to disability waivers account for 52 percent of SMRT referrals. During this time, SMRT rolled out a new case management system. While the successful implementation of this new system was an achievement for the SMRT, SMRT workloads remained high throughout the process. Testing and maintenance of the SMRT case management system requires an ongoing high level of involvement of some SMRT staff.

The November 2019 Expenditure Forecast projected disabled basic enrollment for Medicaid will continue to increase. It also projected disability waiver enrollment will continue to increase through FY 2023. Implementation of a 2019 legislative change is expected to increase SMRT referrals. Staff will continue to be involved in ongoing system enhancements and changes while managing an increased workload.