Cutting down on required paperwork submissions and increasing the use of electronic income verification in Medicaid and CHIP can reap positive dividends for states, helping them to: eliminate enrollment and renewal barriers, reduce “churning” of individuals losing and regaining coverage, increase administrative efficiencies, reduce costs, and maintain program integrity. In Massachusetts, officials for MassHealth, the combined state Medicaid and CHIP program, are taking critical steps to reduce paperwork requirements for enrollees who experience changes in income or job status. Relying on a careful analysis of program data, Massachusetts officials identified that their use of paper forms to verify income eligibility for beneficiaries who experience changes in their income or job status resulted in lost coverage for tens of thousands of individuals—most of whom later reenrolled in the program—and required the state to spend a significant amount of time and resources to distribute, respond to inquiries about, collect, and process these forms. This brief highlights an ongoing initiative by MassHealth officials to end the use of these forms and move toward a system that allows the program to verify income electronically for most of this population of beneficiaries.

**Background**

Two major factors prompted MassHealth officials to undertake this initiative. First, Massachusetts has identified that one key factor undermining its enrollment efforts are the challenges it faces in retaining eligible individuals in the program. In the improvement plan the state developed based on the results of a diagnostic assessment of enrollment and retention strengths, challenges, and opportunities offered as part of the Maximizing Enrollment for Kids program, MassHealth officials included as one of their objectives the identification and reduction the administrative barriers that cause churning as a means of improving customer service for beneficiaries and increasing administrative efficiencies. Beneficiaries churning on and off of coverage can reduce the use of primary and preventive care services for Medicaid and CHIP beneficiaries, as well as impose costs on the state and health plans when individuals who lose coverage later reenroll in these programs. Prior to the start of MEK, MassHealth officials recognized that administrative barriers increased the likelihood of churning, and they cited paper income verification requirements, which studies have linked with high levels of disenrollment, as one of these barriers.

The growing budget deficit in Massachusetts also played a role. As a result of the shortfall, MassHealth has faced several rounds of layoffs, early retirements, and restrictions on the use of temporary workers that have resulted in worsening staff shortages. These shortages have forced MassHealth officials to find ways to increase administrative efficiency and reduce the workload for remaining staff members.

**Issues with Paper Income Verification**

In this context, MassHealth officials began to look more carefully at their internal data on their use of Job Update forms to update beneficiaries’ eligibility after a change in income or job status. Under the standard protocol, state Department of Revenue (DOR) data files, including quarterly wage reports and biweekly reports on individuals who obtain new jobs, would trigger the eligibility system to send Job Update forms to beneficiaries whose case records have inconsistencies with the reported income in these files. The Job...
Update forms require beneficiaries to submit documentation to prove their incomes within 60 days or lose coverage. This requirement has posed significant administrative barriers for Medicaid and CHIP beneficiaries, who might need to obtain documentation of income from third parties, a process that can be difficult to complete within the 60-day timeframe.

A recent analysis conducted by MassHealth officials found that the use of Job Update forms in fiscal year (FY) 2010 resulted in the disenrollment of almost 90,000 beneficiaries, or 46% of the 192,000 individuals who received these forms. According to the analysis, 95% of these disenrolled beneficiaries lost coverage solely because they failed to return Job Update forms or failed to complete these forms properly and not because of a change in their eligibility status. The analysis also found that 38% of MassHealth beneficiaries who received Job Update forms retained eligibility for coverage, and almost 70% of these beneficiaries retained eligibility with no change in their level of benefits.

MassHealth officials’ analysis also identified that the use of Job Update forms resulted in increased administrative work for MassHealth staff, including processing more than 90,000 of these forms in FY 2010, handling high call volume at the state’s central Call Center and four regional enrollment centers with questions about the Job Update forms, and addressing inquiries from advocates who help beneficiaries complete these forms.

Initiative to Increase Retention and Improve Program Integrity

In direct response to these findings, MassHealth officials eliminated the use of Job Update forms—using data to make an important policy and program decision. MassHealth officials are also exploring the feasibility of downloading DOR data files directly into program case records* in order to accept information about income in these files as verified for most of these beneficiaries. Initial discussions with DOR have begun around potential changes in the use of this data as well MassHealth’s receipt of additional data for eligibility purposes. As part of this initiative, MassHealth officials also will conduct an analysis of historical data to identify the percentage of the population of beneficiaries who experience an income or job change. This analysis will be used to support a targeted program integrity process designed great to identify these individuals.

MassHealth officials believe that this initiative will maintain program integrity and significantly reduce levels of disenrollment, administrative workload, and costs, although they have not completed an analysis to determine the magnitude of the impact in these areas. The use of Job Update forms ended in August 2010. Complete implementation of this initiative, however, likely will take longer as it requires more analysis of how the DOR data may be used. Massachusetts’ experience provides a concrete example of a state analyzing program data to identify an enrollment barrier, taking steps to implement change, and measuring the impact on enrollment and improved efficiency.

Careful data analysis for program management and implementing program changes to respond to lessons learned is only one lesson that can be shared with other states from the Maximizing Enrollment for Kids grantee experience. Look for others in future MaxEnroll Minute and other publications and events.

*MassHealth currently uses a non-Web-based legacy eligibility system to store program case records but has begun to implement an initiative that will allow staff members to digitize paper documents, view these documents electronically, and update information in the eligibility system as needed.