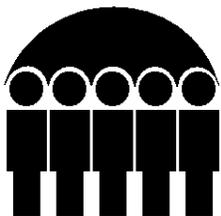


Revised October 16, 2009

Employees' Manual  
Title 5  
Chapter D

# QUALITY CONTROL



Iowa  
Department  
of  
Human Services

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## **Overview**

This chapter relates to the federal quality control mandates for:

- ◆ Medicaid (payment error rate measurement (PERM)),
- ◆ Medicaid Eligibility Quality Control (MEQC),
- ◆ Child Care Assistance,
- ◆ Healthy and Well Kids in Iowa (*hawk-i*), and
- ◆ Food Assistance program.

Quality control may conduct state-initiated reviews of other programs or targeted areas.

The purpose of quality control is to:

- ◆ Provide a systematic method for monitoring Iowa's administration of the Food Assistance, Child Care Assistance, *hawk-i*, and Medicaid programs.
- ◆ Provide a means for state accountability for actions of the local offices and the determination of eligibility for money payment and other services.
- ◆ Serve as a basis for establishing state agency:
  - Liability for errors that exceed the national average, and
  - Eligibility for enhanced funding.

The Department uses information gained through quality control reviews to develop corrective action plans to:

- ◆ Ensure that programs are implemented according to state and federal rules and regulations.
- ◆ Prevent errors from recurring through activities such as modification of policies, structures, or procedures.

Policies and procedures found in this chapter are based on the Code of Federal Regulations, which mandates the establishment of quality control systems. The authorities are for:

- ◆ Medicaid: Title 42, Part 431, Subpart P (sections 431.800 through 431.804).
- ◆ Child Care Assistance: 45 CFR 98 Subpart K
- ◆ Food Assistance: Title 7, Part 275, Subpart C (sections 275.10 through 275.14).

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Iowa Code Sections 239B.2(7), 234.12, 249A.4, and 441 Iowa Administrative Code Chapter 13 are the legal basis for quality control. Quality control operates under policies and procedures found in the:

- ◆ State Medicaid manual, Part 7.
- ◆ Quality control manual of negative case actions in the adult and medical programs.
- ◆ Supplemental Nutrition Assistance Program *Quality Control Sampling Handbook*, FNS 311.
- ◆ Supplemental Nutrition Assistance Program *Quality Control Review Handbook*, FNS 310.

### **Integrity of the Quality Control Review**

**Legal reference:** Section 154, Quality Control 310 Handbook, Federal Quality Control Policy Memo 05-01

**Policy:**

State quality control's goal is to continue to improve program accuracy. The objective nature of the quality control process must not be compromised in attempts to achieve this goal. To maintain the integrity of the quality control system, the state is required to apply consistent, unbiased standards for sampling and reviewing cases.

To ensure that the state quality control sample and reviews remain free from unacceptable bias, the state and local offices are prohibited from treating:

- ◆ Sampled cases differently from non-sampled cases, or
- ◆ One sampled case differently from another quality control sampled case.

If bias occurs, the results of the review will not mirror the state's overall level of accuracy. Whether inappropriate actions are intentional or unintentional, it is a form of bias.

The following types of actions are examples of inappropriate activities, which, if conducted, will produce an unacceptable bias in the quality control system. Once a case has been pulled for a quality control review, the local office may not do any of the following:

- ◆ Add or remove documentation from the case record.
- ◆ Make changes to the record that would affect the eligibility or benefits for the case.
- ◆ Contact the household or a collateral contact before or during the review in order to:
  - Make any changes to the case, or
  - Persuade the household into saying or doing anything that might misrepresent the household's circumstances.
- ◆ Obtain additional information in an attempt to clarify the household's circumstances after the fact.
- ◆ Get statements that would alter the findings of the quality control reviewer.

A local office may ask the quality control reviewer to reexamine some aspect of the case, but the reviewer makes the decision to do so based on quality control policies and practices.

A quality control reviewer may not contact the worker responsible for administering the case selected for quality control review. This also includes contacting any person who participated in the action under review. An exception is made when the quality control reviewer needs assistance from a local office to locate, or gain the cooperation of the household.

Normal case management activities are allowed to continue on sampled cases. These must not be initiated or undertaken at an accelerated pace in order to affect the review. The local office will continue to conduct routine case management, such as:

- ◆ Filing household reports,
- ◆ Acting on reported changes,
- ◆ Issuing notices of expiration, or
- ◆ Conducting recertification interviews.

## **Case Record Review**

**Legal reference:** 441 IAC 13.2(234, 239B, 249A); 7 CFR 275.1(a), 272.1(c), 275.3(c), and 275.10; 42 CFR 431.800(h); FCS HB 310(110) and (120); and State Medicaid Manual, Part 7, 7206

### **Policy:**

Quality control reviewers will review all pertinent case records within the Department to determine if:

- ◆ The household provided complete, correct, and accurate information necessary for eligibility determination.
- ◆ The local office correctly administered state policies in the eligibility determination.
- ◆ Program benefits for the month of review were correct.
- ◆ There is indication of fraudulent practice or abuse of the public assistance program by either the client or the local office.

## **Case Sample**

**Legal reference:** 441 IAC 13.3(234,239,249A); 13.5(1), 13.7(3), and 13.8(234,239,249A); 7 CFR 275.10(c)(1)(i) and 275.11; 42 CFR 431.800(d); FCS HB 310(160); State Medicaid Manual, Part 7, 7209, 7212 and 7350

### **Policy:**

Each month the Division of Results-Based Accountability selects a random sample of active and negative case actions for review.

“Active case” means any case that received assistance in the month of review.

“Negative case” means any case that was terminated or denied assistance for the month of review.

“Random sample” means a systematic (or every nth unit) sample for which each item in the universe has an equal probability of being selected. Sample size is determined by federal guidelines.

**Procedure:**

The sampling period is October through September. Quality control reviews the following samples:

- ◆ Medicaid negative actions
- ◆ Medicaid active cases
- ◆ Food Assistance negative actions
- ◆ Food Assistance active cases
- ◆ Child Care Assistance active cases
- ◆ *hawk-i* program negative actions
- ◆ *hawk-i* program active cases

The Department may review any active or negative case to:

- ◆ Ensure compliance with federal and state rules and regulations.
- ◆ Detect error-prone areas to aid corrective action efforts.
- ◆ Ensure program integrity.
- ◆ Determine the state's error rates.

The quality control process begins by selecting and distributing cases sampled for review using the following steps:

1. The Bureau of Research and Statistics within the Division of Results Based Accountability selects the cases using a statistically valid sample.
2. The sample cases are assigned to the state's quality control supervisors,
3. The sample cases are sent to the state quality control reviewer.
4. The sample information is provided to Management Evaluation.

**Requesting Case Records From Local Offices**

**Policy:**

The quality control reviewer will request case records from the local office by E-mail, phone, in writing, or in person.

The local office will send the case record to the quality control reviewer within two working days of receiving the request.

**Procedure:**

If a case requested for review has a pending action, the local office will:

- ◆ Copy forms and information needed to complete the action.
- ◆ Send all original forms with the case record to the reviewer.
- ◆ Complete the pending action.

The quality control reviewer will:

- ◆ Read and return case records within two weeks from receipt, unless the local office and the supervisor grant a longer period of time.
- ◆ Return a case record immediately if a local office asks for it.

**Date of Review**

**Legal reference:** 7 CFR 275.12(e); FCS HB 310(233) and (1330); AFDC/Medical Negative Guides 3320(f)

**Policy:**

Quality control reviews a specific calendar month for program eligibility and correctness of benefits.

**Quality Control Case Review Process**

**Legal reference:** 42 CFR 431.800(d); 7 CFR 275.12 and 275.13; 441 IAC 13.5(3); FCS HB 310(212), Chapter 3 and (1340)-(1343); State Medicaid Manual, Part 7, 7215 and 7248

**Policy:**

The review process is an examination of each eligibility factor that relates to determining a household's eligibility for the program under review.

The quality control reviewer will concentrate on information applicable to the case as of the review date, including applications, worksheets, case recordings, correspondence, etc., to become familiar with family situations and to note gaps or deficiencies in information.

The quality control reviewer must independently establish and verify the facts about each element of eligibility and benefit as of the date of review. See [Date of Review](#). Also, see [Integrity of the Quality Control Review](#).

**Procedure:**

Quality control will review each active case for eligibility as follows:

- ◆ For Food Assistance cases, review the correctness of the eligibility determination and the basis of issuance, and
- ◆ For Child Care Assistance, review the correctness of the authorization amounts,
- ◆ For Medicaid cases, review the correctness of the eligibility determination of the client participation and premium amounts.
- ◆ A negative action review determines the correctness of termination or denial of assistance and the timeliness of the notice of adverse action.

Quality control will conduct the review as follows:

- ◆ Examine documentation the local office used in determining program eligibility, and any benefits the household received.
- ◆ Analyze the case record to ascertain that policies and procedures were followed.
- ◆ Gather factual information to confirm eligibility factors.

If an action taken is out of compliance with policies and procedures, the reviewer will apply the correct policies or procedures to determine if a difference in the benefits the client received exists, and what benefits the client should have received.

**Comment:**

See [5-D-Appendix](#) for the various forms used in the processing of a quality control review.

**Client Contact**

**Legal reference:** 441 IAC 13.5(3); 7 CFR 275.12(c)(1) and 275.13(b); 42 CFR 431.800; FCS HB 310(213) and (400)-(424.7); State Medicaid Manual, Part 7, 7215B-2 and 7254

**Policy:**

Personal interviews:

- ◆ Are required on all active Food Assistance cases,
- ◆ May be required for Medicaid reviews, and
- ◆ Occasionally, may be required on a negative sample to substantiate an item in the case record.

**Procedure:**

Conduct the interview at a location that is agreeable to the client.

Use form 470-1627, *Notice of Interview*, to notify the client:

- ◆ That the household's case has been selected for a quality control review interview, and
- ◆ Of the location, date, and time of the scheduled interview.

At the interview with the client or the household's representative:

- ◆ Tell the household it and others were selected at random. And, the purpose is to make sure households are getting the correct benefits.
- ◆ Establish identity, relationship, and living arrangements of all members of the household.
- ◆ Discuss each element as applies to each household member,
- ◆ View the household's verification, and
- ◆ Explore any changes in the household's circumstances as they relate to factors in the case record.

**Collateral Contacts**

**Legal reference:** 441 IAC 13.5(4); 7 CFR 275.12(c)(2) and 275.13; 42 CFR 431.800(d)(5); FCS HB 310(430)-(424.7B) and (1344); State Medicaid Manual, Part 7, 7215B-3 and 7257

**Policy:**

A collateral contact is a source of information that can be used to verify a client's circumstances. Collateral contacts are required whenever:

- ◆ The client is unable to provide needed information, or
- ◆ More information must be obtained to establish the correctness of the case under review.

**Procedure:**

Ask the client to:

- ◆ Help identify and select the best collateral contact for the information that is needed.
- ◆ Consent to contacting collaterals by signing the appropriate release of information form.

If the client refuses to cooperate with the quality control review attempt to complete the review by contacting collateral sources.

### **Client Refusal to Cooperate in Review**

**Legal reference:** 441 IAC 13.6(234, 239B, 249A); 7 CFR 273.2(d)(2) and 275.12(ii); 42 CFR 431.800

#### **Policy:**

Client's are required to cooperate with a quality control review as a program eligibility requirement.

#### **Procedure:**

Quality control makes the determination that the client has refused to cooperate with a review. Quality control will send form 470-0479, *Noncooperation Notice*, to the local office as notification of the noncooperation. This notification will specify a date by which the review must be completed for federal reporting.

The *Noncooperation Notice* instructs the local office on the appropriate action. The local office must act on the *Noncooperation Notice* within ten days from the date of receipt.

If the client reapplies for the same program, but:

- ◆ Before the date on the *Noncooperation Notice*, the client remains ineligible for that program until cooperation.
- ◆ After the date on the *Noncooperation Notice*, the deadline has passed for Quality Control to complete the review. However, the client must be willing to cooperate with future quality control reviews as an eligibility requirement.

### **Error Review Committee**

**Legal reference:** Section 154, Quality control 310 Handbook, Federal Policy Memo, Quality Control, No. 05-01

#### **Policy:**

The purpose of the error review committee is to ensure the correctness of the review findings while maintaining the integrity of the review. The error review committee reviews potential errors before they are released to the local offices and service areas. The error review committee is made up of quality control supervisors and monitors, program managers, and policy trainers.

The committee reviews potential errors to:

- ◆ Explore all factors of the case for the month of review, prior months if necessary, and the certification month;
- ◆ Correct any policies determined to have been misapplied by the worker or the reviewer;
- ◆ Identify any policies or quality control procedures overlooked; and
- ◆ Determine if the reviewer needs to explore any missed factors of the review.

Lessons learned during the weekly error review meeting receive immediate attention. During the potential error review if it is learned that:

- ◆ There is a need for making a change in training; the trainers use this information right away when developing materials and training.
- ◆ A specific policy or procedure contributed to an error, the program managers use the knowledge when drafting manual material.
- ◆ Quality control reviewers need guidance in an area; it is acted on right away.

The standing committee also provides an opportunity for the:

- ◆ Quality control supervisors and monitors to get policy or procedure clarification, and seek input on reviews in process.
- ◆ Committee members to discuss how to use policies and quality control procedures together to craft policies for the employees' manual.
- ◆ Committee to ensure program integrity is maintained on each case.

Once the committee agrees that the error is valid, the preliminary error report is released to the local office.

### **Steps 1 and 2 of the Error Resolution Process**

#### **Policy:**

A preliminary error report may be reviewed during an error resolution conference call. Quality control will offer the field an opportunity to hold a conference call to discuss the error and offer a proposed date and time, set within five working days of sending the error report.

Conference call participants will be staff who are most familiar with the case. Participants include the following:

- ◆ Income maintenance worker (if possible, the worker responsible for the case as of the date of the review),
- ◆ Income maintenance supervisor,
- ◆ Quality assurance and improvement coordinator,
- ◆ Quality control monitor, and
- ◆ Other persons, as appropriate.

The quality control monitor is responsible to facilitate the conference call. During the conference call:

- ◆ Review findings are discussed.
- ◆ Participants try to come to agreement on the error findings.
- ◆ Participants analyze issues revealed in the review.

A second purpose of the call is to focus on best practices. The quality assurance and improvement coordinator will analyze the error and provide feedback.

If a resolution cannot be reached, the review will proceed to Step 3 of the error resolution process.

### **Step 3 of the Error Resolution Process**

A conference call is held with the:

- ◆ Income maintenance administrator,
- ◆ Income maintenance supervisor,
- ◆ Quality control bureau chief,
- ◆ Quality control supervisor,
- ◆ Policy bureau chief and/or the program manager.

The purpose of the call is to:

- ◆ Review case findings,
- ◆ Discuss discrepancies between what the local office believes to be correct and that of the error review committee, and
- ◆ Attempt to reach a resolution.

If a resolution cannot be reached, the review will proceed to Step 4 of the error resolution process.

### **Step 4 of the Error Resolution Process**

Case findings are discussed with the quality control panel. The quality control panel members are the:

- ◆ Administrator of the Division of Financial, Health and Work Supports,
- ◆ Administrator of the Division of Results Based Accountability, and
- ◆ Another service area manager representing the field.

The quality control panel has final authority in determining the error.

## **Report of Quality Control Review**

### **Policy:**

For correct cases, quality control will issue form 470-0478, *No Error Memorandum*. If a case is found to have an error, quality control will send a form 470-0451, *Report of Quality Control Review*. This form is also used to let the field know of any new information verified in the review process.

### **Comment:**

See [5-D, Appendix](#) for information on this report.

## **Federal Quality Control**

### **Policy:**

Federal quality control will review a sample of state quality control reviewed cases to determine the correctness of the reviews.

Federal Food Assistance quality control uses a formula to calculate the state's error rate.

## **Record Retention**

**Legal reference:** CFR 275.4, 42 CFR 431.17

Quality control records consist of review schedules, worksheets, and other information supporting the review finding. Quality control retains all records for three-years following fiscal year closure. Record retention is conducted according to federal guidelines found in the Federal Quality Control Policy Memo 06-01.

All records for the current reporting period and one prior reporting period are retained in the Bureau of Quality Control in central office. Studies from earlier reporting periods, are retained at the State Records Center for two and one-half years.

For the retention of these records, form RM 101, *Records Transfer Authorization*, must be completed and submitted to the State Records Center. At the end of the two-and-one-half-year period, these records are destroyed. Form RM 102, *Report of Records Destroyed*, is sent to quality control as notification that the records have been destroyed.



TERRY E. BRANSTAD, GOVERNOR

DEPARTMENT OF HUMAN SERVICES

CHARLES M. PALMER, DIRECTOR

November 24, 1998

**GENERAL LETTER NO. 5-D-50**

ISSUED BY: Office of Program Evaluation, Division of Support Services

SUBJECT: Employees' Manual, Title 5, Chapter D, *Quality Control*, Title page, new;  
Contents (page 1), new; and pages 1 through 11, new.

**Summary**

This general letter transmits the new Chapter 5-D, *Quality Control*. This chapter contains information that was previously in Chapter VI-F. The chapter has been reorganized and rewritten to reflect Quality Control's current responsibilities and scope of review.

Title 5 of the Employees' Manual is being reorganized to contain chapters about public assistance programs and personnel units which are administered centrally instead of through county office income maintenance units.

**Effective Date**

Upon receipt

**Material Superseded**

None

**Additional Information**

Refer questions about this general letter to your regional benefit payment administrator.



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
CHARLES J. KROGMEIER, DIRECTOR

October 16, 2009

## GENERAL LETTER NO. 5-D-51

ISSUED BY: Bureau of Quality Control,  
Division of Results Based Accountability

SUBJECT: Employees' Manual, Title 5, Chapter D, **QUALITY CONTROL**, Title page, revised; Contents (page 1), revised; pages 1 through 11, revised; and pages 12 and 13, new.

### Summary

Chapter 5-D has been revised and reissued in the new format. The language has been simplified and the policies and procedures reflect the current Department practices.

A new policy, "Integrity of the Quality Control Review," is added. This section is based on a federal policy memo that mandates states to ensure that bias is not introduced into the quality control review. The policy provides guidance on identifying and avoiding introduction of bias into a quality control review.

New policies are added to incorporate the error resolution process. This process was produced through the efforts of a workgroup established through the Kaizen process. This policy section includes the policies and procedures for:

- ◆ An error review committees, which is the first step in ensuring the correctness of the quality control review with a preliminary error finding. The error review committee mission is to find the review, itself, correct. This does not necessarily mean that a preliminary error will be disposed of during the committee review. The committee will explore applicable policies and procedures to determine the correct benefit for the case under review, so federal reporting will be correct.
- ◆ Rules for error resolution conference calls. Kaizen rules are adopted for error resolution conference calls. The rules ensure that the purpose of the error resolution conference call is carried out.
- ◆ Steps 1 and 2 of the error resolution process, which include the error resolution conference call, a meeting between quality control and field staff to discuss the preliminary error findings.
- ◆ Steps 3 and 4 of the error resolution process. If consensus is not reached in steps 1 and 2, the error resolution proceeds to senior management, with step 4 being the final decision.

**Effective Date**

Upon receipt.

**Material Superseded**

This material supersedes the entire Chapter D from Employees' Manual, Title 5, which includes the following pages:

<u>Page</u>	<u>Date</u>
Title page	November 24, 1998
Contents (page 1)	November 24, 1998
1-11	November 24, 1998

**Additional Information**

Refer questions about this general letter to your area income maintenance administrator.