

NC Department of Health and Human Services

## **Social Services Institute**

**Working Beyond Limits to Mitigate Risk for  
Continuous Improvement**

Office of Compliance and Program Integrity

**August 2022**

# Agenda Items

- **Continuous Improvement**
- **Root Cause Analysis**
- **Internal Controls**
- **Implementing Control Activities**
- **The ABCs of Sustainability**

# Continuous Improvement

- *What do we do well?*
- *What do we not do well?*
- *What do we need to do moving forward?*

# Internal Controls

An Internal Control is a process, effected by an entity (people) designed to provide reasonable assurance in achieving objectives relating to operations, reporting, and compliance.

## Internal Controls may be Distinct but Overlapping

- **Operations**
  - *Operational internal controls address the effectiveness and efficiency of operations.*
- **Reporting**
  - *Reporting internal controls result in reliable reporting...both internal and external.*
- **Compliance**
  - *Compliance internal controls provide reasonable assurance of mitigating risk.*
  - *These internal controls are implemented to ensure compliance to applicable policy and regulations.*

An Internal Controls system is intertwined into the operation's business processes or Standard Operating Procedures (SOP).

# What Is Root Cause Analysis (RCA)?

Root Cause Analysis (RCA) is a useful popular tool that helps determine the basic, underlying cause of a problem through a series of specific steps. A factor is considered a root cause if its removal from the problem-fault-sequence prevents the final undesirable event from recurring.

When Should Root Cause Analysis be Performed?

- When human errors occur during a workflow process
- When performance is below standard
- When equipment failures or adverse events occur during certain work processes

*The successful application of the determination of the root cause should ultimately result in the elimination of the problem.*

## Steps of RCA

**Step 1:**  
Identify  
the Problem

**Step 2:**  
Select Team

**Step 3:**  
Collect Data

**Step 4:**  
Identify  
Possible Factors

**Step 5:**  
Identify  
Root Cause(s)

**Step 6:**  
Define and  
Implement an  
Action Plan

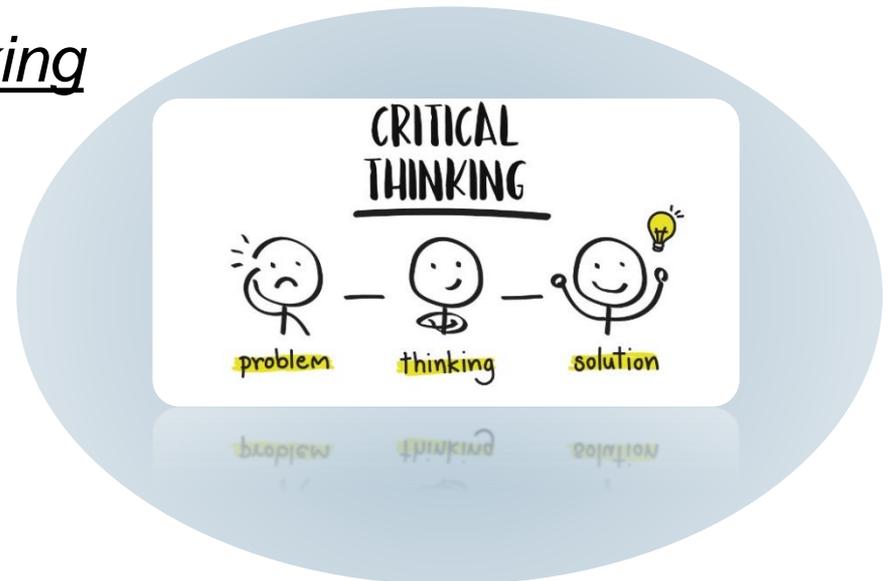
**Step 7:**  
Monitor and  
Assess Results

# Critical Thinking

- Ability to collect, analyze, and evaluate information to reach a sound conclusion or to solve a problem.
- Enables trainers/supervisors to hone in on what is important (policy and regulations)
- Analyze findings and patterns (audit results) and
- Come to well-reasoned conclusions (recommendations to mitigate risk).

## Breaking Down Critical Thinking

- ✓ Observation
- ✓ Analysis
- ✓ Inference
- ✓ Communication
- ✓ Problem Solving



# Critical Thinking (Cont'd)

## Critical Thinking Processes

- ✓ **Observation:** Ability to identify and predict deficiencies, opportunities, and solutions.
- ✓ **Analysis:** Gathering, understanding, and interpreting quality data sets of information.
- ✓ **Inference:** Drawing conclusions on collected data, information, knowledge, and experience.
- ✓ **Communication:** Sharing and receiving information whether verbally, nonverbally, or written.
- ✓ **Problem Solving:** Gathering, analyzing, and communicating information to effectively identify risks to recommend solutions.

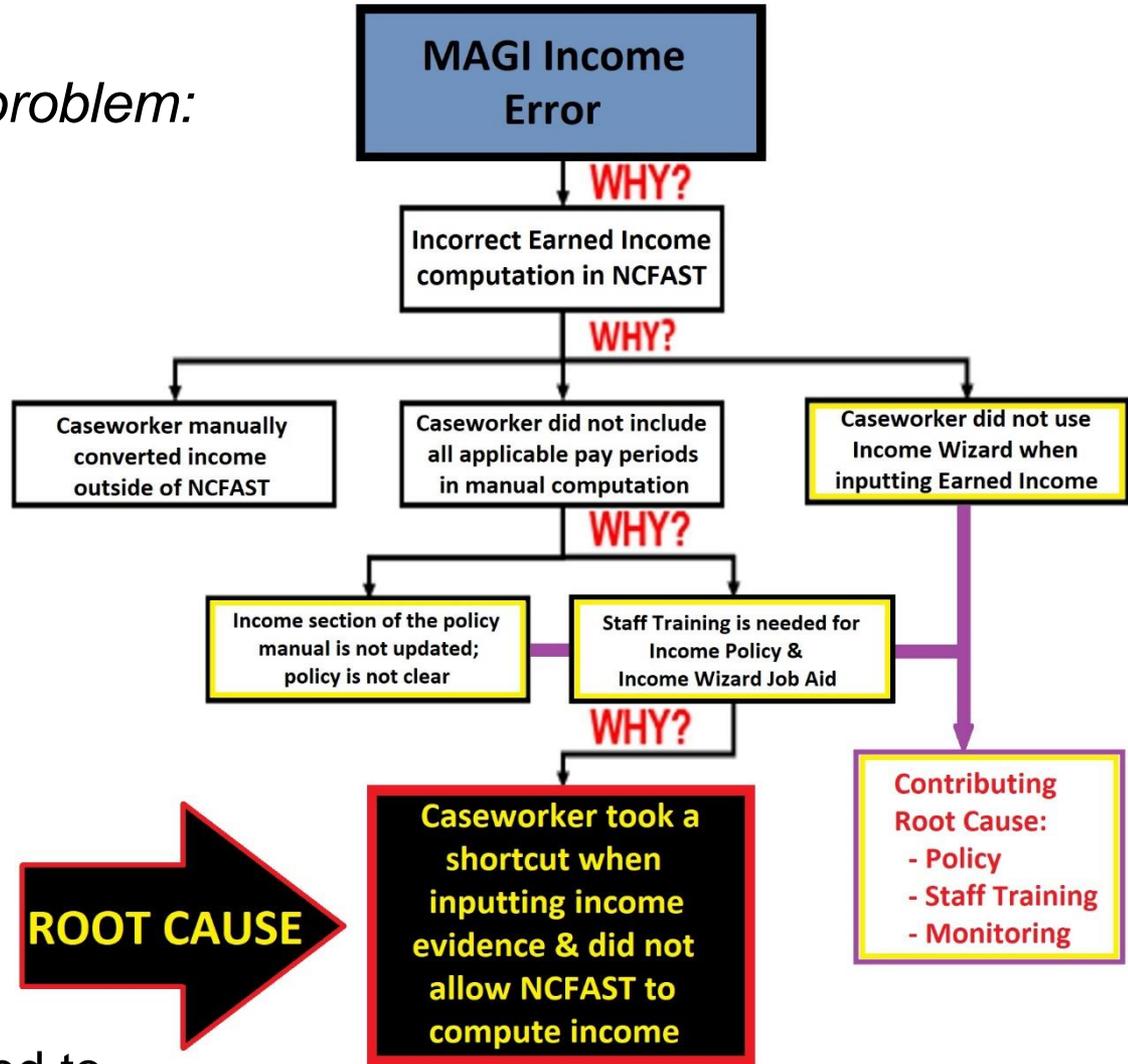
# Root Cause Analysis

## 5 Whys → Example

We start by indicating the problem:

### • MAGI Income Error

- Ask “why” until we drill down to the root of the error
- As you can see in the example, taking a shortcut outside of NC FAST led to our MAGI Income Error
- Now that we know the Root Cause & Contributing Causes, Internal Controls can be developed & implemented to eliminate the risk from recurring



# **Implementing Internal Control Activities to Mitigate Risks**

# Detection of Risk

<h2>Internal 2<sup>nd</sup> Party Review</h2>
<h2>Performed Monthly</h2>
<h2>Conducted by Lead Workers</h2>
<h2>Results Provided to Supervisor and Caseworker</h2>

**2<sup>ND</sup> PARTY REVIEW WORKSHEET**  
(Revised 05/17/2021)

Caseworker Name	Supervisor	Date of Review <small>(mm/dd/yy)</small>	Type
			<input type="checkbox"/> MAGI <input type="checkbox"/> TRADITIONAL <input type="checkbox"/> HEALTH CHOICE
App or IA/IS #	Program/Class	Disposition Date	CH/Primary Person
Certification Period: <small>(mm/dd/yy)</small>		Authorization Period: <small>(mm/dd/yy)</small>	
<input type="checkbox"/> Application	DOA:	<input type="checkbox"/> Denial/Withdrawals	<input type="checkbox"/> Renewals <input type="checkbox"/> Terminations

<b>A. AGENCY RECORD:</b>	
1. Case set up with correct IA/IS # (Insurance Affordability/Income Support)	Y N N/A
<b>B. DOCUMENTATION:</b>	
1. Appropriate case narrative/notes/documentation in NC Fast	Y N N/A
<b>C. TIMELINESS:</b>	
1. Case processed within required timeframe	Y N N/A
<b>D. NOTICES:</b>	
1. Notice sent upon approval	Y N N/A
2. Notice sent upon denial/termination/withdrawal	Y N N/A
3. Notice sent timely	Y N N/A
4. Notice sent with correct information, details on program, effective date, 10-day and 60-day hearing dates	Y N N/A
<b>E. NON-INCOME ELIGIBILITY:</b>	
1. Correct Date of Birth entered into NC Fast	Y N N/A
2. Correct Gender entered into NC Fast	Y N N/A
3. Correct SSN entered into NC Fast	Y N N/A
4. Citizenship/alien status verification provided and verification meets policy requirements	Y N N/A
5. Assist applicant with obtaining verification of citizenship, if needed	Y N N/A
6. Reasonable opportunity policy applied appropriately (citizenship/alien)	Y N N/A
7. Identity verified appropriately	Y N N/A
8. Residency verified appropriately	Y N N/A
9. Correct household composition	Y N N/A
10. Managed Care or Exempt Code entered into NC Fast appropriately	Y N N/A
<b>F. INCOME/BUDGETING:</b>	
1. Earned income verified appropriately	Y N N/A
a. Available electronic verification of income used (if appropriate)	Y N N/A
b. Wages verified appropriately with employer/source	Y N N/A
c. Self-employment verified appropriately	Y N N/A
2. Earned income entered in NC Fast correctly	Y N N/A
3. Unearned income verified appropriately	Y N N/A
a. Available electronic verification of income used (if appropriate)	Y N N/A
4. Unearned income entered into NC Fast correctly	Y N N/A
5. Reasonable compatibility policy appropriately applied	Y N N/A
6. Income deductions applied appropriately	Y N N/A
7. Determinations shows correct Income counted	Y N N/A
8. NCHC fee notice sent prior to authorization (12 calendar days)	Y N N/A
a. Fee paid prior to authorization	Y N N/A
b. Eligible for NCHC due to NO comprehensive health insurance	Y N N/A
9. HCWD premiums calculated correctly	Y N N/A
10. Budget calculation shown correctly	Y N N/A
<b>G. DISABILITY:</b>	
1. Disability established	Y N N/A
a. Applied for Social Security (post eligibility)	Y N N/A

DHB-7078 05/17/2021

SFY 2022 Q4	Medicaid and CHIP												Errors Identified		
COUNTY REPORT	Total Cases			Eligibility Cases in Error						Negative Cases in Error			Check	Cases w/ Internal Control	
April, May & June 2022	# of Cases Read	# Cases in Error	Error Rate	Not Eligible	Undetermined Eligible	Liab Overstated (PML)	Liab Understated (PML)	Incorrect Deductible	TPL	Improper Denial	Improper Term	Incorrect W/D		Internal Controls	Rate
County	175	5	2.9%	3	0	1	0	0	0	1	0	0	Complete	17	9.7%
	Done	Done		Done	Done	Done	Done	Done	Done	Done	Done	Done	Done	Done	Done

Errors Identified

- Refer to the ERROR CATEGORY tab.
- List the category for all errors identified for your county.
- List multiple categories separated by a comma.

Not eligible - unearned income error entered/captured  
Overstated PML - medical expense not verified/captured  
Improper denial - earned income not captured (HCWD eligible)

Eligibility Errors 4th Qtr 2022				
IMC	Supervisor	Program	Action	Trend
Tia J.	Vivian H.	PLA	Denial	Wages not verified/captured
Maria L.	Vivian H.	PLA	Approval	Pension not verified/captured
Jose H.	Vivian H.	PLA	Approval	VA benefits not entered
Lisa M.	Vivian H.	PLA	Approval	Pension not entered
Lisa M.	Vivian H.	PLA	Approval	Insurance premium not verified/captured

MEQC COUNTY SINGLE AUDIT  
REDA AUDIT PERM  
STATEWIDE SINGLE AUDIT

# Contributing Factors and Root Cause

Contributing Factors
> One Year of Experience
New Supervisor
SOP Not Present

Root Cause
New Hire Training

**To determine if the team has truly found the root cause, ask these questions:**

- Would the event have occurred if this cause had not been present?
- Will the problem recur if this cause is corrected or eliminated?

If “**No**” is the answer to both questions, then the team has identified the root cause. If the answer is “**Yes**” to either question, the team needs to do some further analysis.

# Correction to Risk

Provide Retention/Training
NCF Learning Gateway – ABD Income Computation
Lead Workers Prepare and Provide Refresher Training
Trainers Begin to Revise Income Section of New Hire Training

## **Prioritize the Risk for Correction:**

- Provide an immediate resource for correction
- Reinforce the resource provided
- Include all compliance professionals for long term results

Remember the goal is to mitigate the risk on the front end. In this case, provide more effective new hire training with income and budgeting in the ABD programs.

# Prevention of Recurring Risk

## Implement Internal Control Activities

Budget Worksheet Required of PLA Staff

Lead Worker Provides Operational Support

SOP is present, clear, and concise

### Properly Introduce and Implement Internal Control Activity :

- Create written SOP
- Explain Internal Control Activity to staff (encourage questions/suggestions)
- Emphasize the REQUIREMENT
- Reinforce the REQUIREMENT with internal monitoring
- Reassess to ensure the control is effective

# Internal Control Examples

## 1. Utilize the 2<sup>nd</sup> Party Review Process to Identify Errors and Deficiencies

### 2<sup>nd</sup> Party Review Internal Control Design should include:

1. When cases are pulled for review.
2. How many cases are pulled (total, per worker, per program, etc.).
3. What type of cases are pulled (random selection, targeted reviews, error prone areas, high-risk programs).
4. Documented steps for Analysis, Correction, Training, and Follow-Up at completion of the 2<sup>nd</sup> Party Review.
  - a. Identified errors should be addressed in a consistent and timely manner.
  - b. A Root Cause Analysis should be conducted to determine why the error occurred. Drill down to determine the “why”!
  - c. Share results with staff.
  - d. Ensure, verify, and document appropriate corrective action (**Correct**) for identified errors.
  - e. Immediately conduct training to reduce likelihood of error recurrence.
    - Is agency-wide training required due to high-risk error/occurrence?
    - Is individual training sufficient for low-risk error/occurrence?
    - Ensure there is follow-up on training to assess if training was learned.

# Internal Control Examples (Cont'd)

## 2. Documentation Templates

## 3. Mandatory/Uniform Taxonomy

## 4. Processing Requirements

- a. Review and Screenshot Eligibility Checks
- b. Review and Screenshot Benefit History
- c. Complete Manual Budget Sheets to compare against NCFAST's returned decision

# Internal Control Examples (Cont'd)

## 5. Utilize Processing Checklists

- a. Application Checklist
- b. Recertification Checklist
- c. Program Specific Checklists
  - i. F&C – MAGI
  - ii. F&C – Traditional
  - iii. ABD – PLA
  - iv. ABD – LTC
  - v. ABD – SA
  - vi. ABD – CAP

## 6. Develop Comprehensive Training Plans

- a. New Hires
- b. Seasoned Staff
- c. Refresher Trainings
- d. Policy Updates

# Internal Control Activities

## *Implementation Example 1*

**Error/Deficiency:** Improper Application Withdrawals

**Root Cause:** Caseworker's conversation with the a/b is not comprehensive, as required in policy, prior to the withdrawal disposition

**Internal Control:** Create a Withdrawal Template that outlines specific policy requirements to ensure the Caseworker holds a comprehensive conversation with the a/b prior to application withdrawal

**QA Recommendation:** While developing the template, consult with an OST Representative for feedback to ensure the County's Withdrawal Template is created to be a comprehensive tool to mitigate and eliminate the risk

**Follow-Up:** Conduct targeted reviews of Application Withdrawals to ensure the Withdrawal Template is being utilized as outlined and is achieving the intended result

# Internal Control Activities

## *Implementation Example 2*

**Error/Deficiency:** Failure to Evaluate All Programs (MCV)

**Root Cause:** Caseworker fails to evaluate for MCV at application denial and case termination

**Internal Control:** Create and/or utilize a Processing Checklist that is itemized to include the MCV program; Checklists without specific, itemized programs may allow for human error and oversight; Be specific and intentional when creating tools for staff's use

**QA Recommendation:** While developing the template, reach out to other County DSS Agencies to inquire what checklists they find successful; Consult with an OST Representative or QA Audit Staff for tools utilized by other counties that have proven successful

**Follow-Up:** Conduct targeted reviews of application denials and case terminations to ensure the Processing Checklist is being utilized as outlined and is achieving the intended result

# Internal Control Activities

## *Implementation Example 3*

**Error/Deficiency:** Failure to Evaluate All Programs (FPP)

**Root Cause:** Caseworker fails to evaluate for FPP at application denial and case termination

**Internal Control:** Processing Checklist and Review of Process Flow

- Create and/or utilize a Processing Checklist that is itemized to include the FPP program
- Conduct a review of current Process Flow for FPP evaluation; FPP policy update now allows for FPP evaluation without regard to other Non-MAGI evaluation
- Ensure agency process flow allows for evaluation upon verification of required FPP eligibility criteria
- Ensure the agency SOP has been amended/revised to outline who is responsible for FPP evaluation and at what stage in the application process

**Follow-Up:** Conduct a targeted review of FPP evaluation within your agency's structure

# The ABCs of Sustainability

## “Activators”

- Document the new process
- Train & Explain
- Set Expectations

## The ABCs of Sustainability (Cont'd)

### “Behaviors”

- Job Aids
- Poka Yoke
- 5 Ss
- Visual Systems
- Audits
- Measures

# The ABCs of Sustainability (Cont'd)

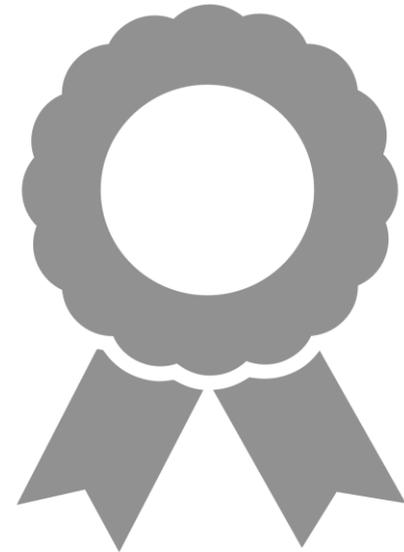
## “Consequences”

Visual Feedback

Positive  
Reinforcement

Constructive  
Feedback

Rewards



# QUESTIONS

# Contacts

**Betty Dumas-Beasley**  
**Associate Director, Member Compliance**  
[betty.j.beasley@dhhs.nc.gov](mailto:betty.j.beasley@dhhs.nc.gov)

**Bridget Brewington, QA Analyst**  
[bridget.brewington@dhhs.nc.gov](mailto:bridget.brewington@dhhs.nc.gov)

**Pamela Cooper, QA Analyst**  
[Pamela.cooper@dhhs.nc.gov](mailto:Pamela.cooper@dhhs.nc.gov)

**Autumn Johnson, QA Analyst**  
[autumn.m.johnson@dhhs.nc.gov](mailto:autumn.m.johnson@dhhs.nc.gov)