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 | ADMINISTRATIVE DIRECTIVE |  
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TRANSMITTAL: 92 ADM-22

TO: Commissioners of  
 Social Services

DIVISION: Income  
 Maintenance

DATE: June 2, 1992

SUBJECT: Required Corrective Action Plan

SUGGESTED  
 DISTRIBUTION:

Directors of: Quality Assurance  
 PA Eligibility  
 MA Eligibility  
 FS Eligibility  
 Staff Development Coordinators

CONTACT  
 PERSON:

Call 1-800-342-3715 and ask for the appropriate extension:  
 Income Maintenance Bureau of Field Operations:  
     Sandy Borrelli, extension 4-4127  
 Medical Assistance: Dennis DiMuria, extension 3-5614  
 Audit & Quality Control: Michael Thomas, extension 4-7123

ATTACHMENTS:

None

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
86 ADM-2			SSL 34 SSL 20		45 CFR 205.40 45 CFR 205.42 7 CFR 275.16 thru 275.19

I. PURPOSE

This directive advises social services districts that a Corrective Action Plan (CAP) must be submitted by districts for each program area in which the payment error rate measured by the Department exceeds the standards outlined in Section III of this Administrative Directive. The error rates will be based upon the statewide Federal quality control sample, expanded eligibility reviews or special targeted reviews.

II. BACKGROUND

For the past several years, the Department and social services districts have worked diligently and cooperatively to reduce the State's error rates. To support the joint effort, this Department issued 86 ADM-2, "Required Corrective Action Plan" to provide a framework within which each district could construct a viable corrective action strategy with technical assistance provided by NYSDSS Field Operations staff. Implementation of the directive proved successful in the large eight districts where measured error rates were reduced over several years.

For the following reasons it is now necessary to revise 86 ADM-2:

1. Authority for 86 ADM-2 expired with the 1988-89 quality control review cycle.
2. After extended and successful lobbying by many states, including New York, Congress drafted reforms for the quality control process for AFDC and FS. Included in the changes were new error sanction tolerance levels to replace the AFDC rate of 3% and the FS rate of 5%. The new error sanction tolerance levels are:

AFDC - The Federal tolerance level is either the national overpayment rate for the fiscal year or 4%, whichever is higher.

FS - The Federal tolerance level is the lowest national average error rate ever achieved, plus 1%.

MA - The federal tolerance level for MA remains at 3%.

3. The Federal AFDC Quality Control reforms eliminated New York State's potential AFDC sanctions totaling almost \$280 million through Federal Fiscal Year 1989. The Food Stamp Quality Control reforms eliminated Food Stamp sanctions through Federal Fiscal Year 1985. However, potential sanctions for periods beginning with Federal Fiscal Year 1986 (October 1, 1985) through Federal Fiscal Year 1990 currently total \$104 million dollars. The MA only segment of the Medicaid universe has historically demonstrated an error rate below the Federal tolerance level, however, future results are uncertain. Furthermore, New York State will again be subject to AFDC error sanctions for the 1991 QC review period. Therefore, it is imperative that the Corrective Action planning process be reinforced so that every effort is made to meet the revised Federal tolerance levels.

Under the provisions of Social Services Law, Section 34: "General powers and duties of the Commissioner" (items (d), (e), (f) and (h)) and in an attempt to meet Federal guidelines and avoid financial sanctions, districts which, based on the various case reviews previously described, have an error rate that exceeds the tolerance levels outlined in Section III below, will be required to submit an annual plan for corrective action to the Department. Subsequent to this submission, social services districts will be required to carry through on planned corrective action and demonstrate remedial results.

### III. PROGRAM IMPLICATIONS

By developing and implementing a corrective action plan in response to the deficiencies uncovered by quality control case reviews, districts will not only be able to reduce the error rate, but will also contribute to improved administration of public assistance programs and ensure that clients entitled to assistance are served appropriately.

#### Public Assistance

Social services districts whose AFDC error rate exceeds 4% must submit a Corrective Action Plan to the Department. The error rate will be based on the best error rate estimate taken from the statewide Federal quality control sample, expanded eligibility reviews or special targeted reviews.

A State tolerance level has not been established for the HR program. However, the Department is conducting pilot reviews in this area. Based on the results, districts may be required to develop and submit corrective action plans.

Food Stamps

Social services districts whose FS error rate exceeds 6% must submit a Corrective Action Plan to the Department. The error rate will be based on the statewide Federal quality control sample, expanded eligibility reviews or special targeted reviews.

A State agency's federally funded share of the FS program administrative costs shall be increased when its error rate is less than 6%. The benchmark of 6% makes States able to qualify for enhanced Federal funding.

Medical Assistance

Currently the Federal QC sample only provides a statistically valid measure of the MA error rate for one local district, New York City. Based on that sample, New York City must provide a plan of Corrective Action whenever its error rate exceeds the 3% tolerance level. If the statewide quality control error rate indicates the need for expanded case reviews upstate, and the results indicate district deficiencies, the district(s) in question will be required to develop and implement a Corrective Action Plan as described in the Required Action section of this directive.

IV. REQUIRED ACTION

Social services districts with error rates above the tolerance levels stated in Section III will be required to develop and implement a Corrective Action Plan (CAP) designed to address the major deficiencies identified for their district through the various Quality Control reviews and expanded eligibility audits. The CAP must be submitted within sixty days from the date of receipt by the district of the final results of the Quality Control case review or targeted reviews.

The plan for AFDC and FS should be submitted to:

Kevin Mahon  
Director  
Bureau of Field Operations  
Division of Income Maintenance  
NYSDSS  
40 North Pearl Street  
Albany, NY 12243

The plan should incorporate the following features:

1. Management Commitment

Commitment to corrective action by top agency management as demonstrated by executive involvement in the planning process, commitment of resources, and policy directives to staff.

2. Error Analysis

A statement of each of the error deficiencies identified in Quality Control and expanded eligibility audits or targeted case reviews including the causal factors contributing to each deficiency.

3. Corrective Action Planning

A Corrective Action Plan which thoroughly describes the projects that will be undertaken to address all error elements identified in item 2 above and includes:

- o Project Title
- o Project Description
- o Required resources of time, money, personnel and technology
- o Description of major tasks and completion schedules
- o Allocation of responsibility - for major projects/individual tasks
- o Monitoring plans
- o Evaluation plans - techniques and timetables.

NYSDSS Corrective Action staff will review the plans and respond within thirty days from the date of receipt. Approval of the plan will be based on the following criteria:

1. Adherence to CAP components as previously described in features 2 and 3 in Section IV of this release.
2. The completeness of each strategy selected to address the deficiencies identified.
3. The reasonableness of the strategies in terms of timeframes and available resources.

If the CAP does not meet the criteria for approval, the district will receive notification from the State noting the reasons for disapproval as well as suggested enhancements. The district will then have 30 days to revise and resubmit its plan.

In addition to reviewing and approving plans, the State will monitor their implementation through monthly meetings with local staff and quarterly meetings with both A&QC and local district staff to discuss the progress of each initiative. A Corrective Action Planning Handbook is available from the Bureau of Field Operations by contacting Sandy Borrelli at the number listed on the cover page of

this directive. This handbook contains suggested guidelines for the development and implementation of the CAP. Technical assistance for the development of corrective action initiatives to address deficiencies, as well as for implementation of the plan, is available from state Corrective Action staff in the Divisions of Income Maintenance and Medical Assistance.

If a district has a State approved error reduction strategy in place, the Corrective Action Plan requirement may be waived. Examples of such strategies are the Corrective Action Planning Process in NYC and the Error Reduction/Revenue Maximization Project in Westchester County. In order for the district to qualify for a waiver, the strategy must demonstrate a joint commitment to the Corrective Action Planning process by the district and the State. The strategy must be submitted to this Department for review and approval.

V. SYSTEMS IMPLICATIONS

None

VI. EFFECTIVE DATE

This Administrative Directive is effective June 1, 1992 retroactive to October 1990 (the beginning of the 1991 Quality Control and expanded Audit Cycle) and remains effective until September 1995.

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Oscar R. Best, Jr.  
Deputy Commissioner  
Division Income Maintenance

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Jo-Ann A. Costantino  
Deputy commissioner  
Division of Medical Assistance