



# Minnesota Eligibility Technology System

## Internal Controls and Compliance Audit

April 2020

**Financial Audit Division**

**OFFICE OF THE LEGISLATIVE AUDITOR**

STATE OF MINNESOTA

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## OFFICE OF THE LEGISLATIVE AUDITOR

STATE OF MINNESOTA • James Nobles, Legislative Auditor

April 2020

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This report presents the results of our internal controls and compliance audit of the Minnesota Eligibility Technology System (METS) for the period January 2018 through December 2019. The state and counties use METS to determine if individuals are eligible for various public health care programs, such as Medical Assistance and MinnesotaCare. Over a recent eight-year period, federal and state expenditures to develop METS totaled \$328 million.

The objectives of the audit were to determine if the Minnesota Department of Human Services (DHS) and Minnesota IT Services (MNIT) had adequate controls over the technology-related processes we selected to audit and whether DHS and MNIT complied with legal requirements we tested.

DHS and MNIT do not agree with all of our conclusions and findings, as stated in their joint response on page 31. Specifically, they do not agree with our conclusions that, overall, internal controls over METS were “generally not adequate,” and the factors we identified in our report have limited the system’s performance.

After completing our audit, we considered all of the additional information the departments’ provided to us in response to reviewing our draft report. We did not find the information convincing and continue to believe the evidence we obtained and the testing we performed support all of our findings and conclusions. In particular, the departments’ assertion that “the correct measure of the system’s accuracy and efficacy would be the accuracy of eligibility determinations” falls well short of federal Centers for Medicare and Medicaid Services’ regulations and guidance related to its Medicaid Information Technology Architecture (MITA) standards that apply to eligibility determination systems. These MITA standards include a broad range of metrics that rate, for example, level of automation in processes, capacity to identify and resolve errors, and interoperability among systems.

We identified deficiencies in key system processes and access controls that, when taken together, put financial resources at risk and make compliance with legal requirements more difficult. Contrary to the position of DHS and MNIT, we believe that the current determination processes rely significantly on caseworkers to serve as a key control to ensure accuracy in the METS automated eligibility processes. As a result, METS has not achieved the efficiencies that an automated eligibility determination system should provide.

We encourage DHS and MNIT to take a broader view of the system's performance and give greater consideration to the impact its deficiencies are having on state and county staff resources. The deficiencies exist from initial eligibility application through the transfer of METS data to other systems.

This audit was conducted by Valerie Bombach (Audit Director), Jordan Bjorfald (Audit Coordinator), Joseph Sass (IT Audit Coordinator), Duy Nguyen (Staff Auditor), and Zachary Kempen (Staff Auditor). We received the full cooperation of staff from the Minnesota Department of Human Services and Minnesota IT Services while performing this audit.

Sincerely,

A handwritten signature in black ink that reads "VBOMBACH". The letters are somewhat stylized and connected.

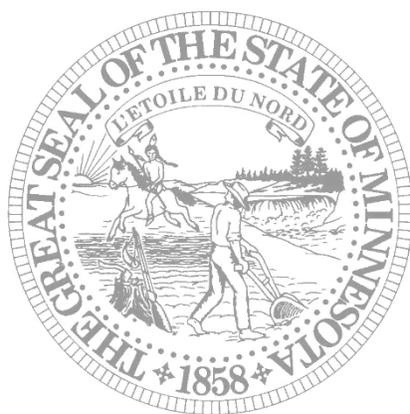
Valerie Bombach  
Audit Director

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# Report Summary

The Minnesota Eligibility Technology System (METS) is the online IT system used by MNsure and the Department of Human Services (DHS). METS serves as a centralized resource for individuals to apply for public health care programs and explore private health insurance options. DHS and counties rely significantly on METS to help determine eligibility for more than 1.2 million individuals each year. In calendar year 2018, METS processed more than 2.5 million initial and periodic reviews of eligibility for public program enrollees.

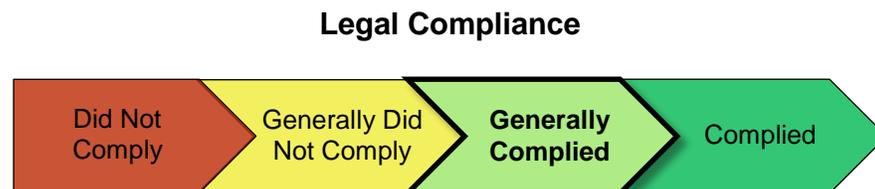
MNsure, Minnesota IT Services (MNIT), and representatives from DHS all have roles in the governance and administration of METS; however, MNIT is responsible for the design, maintenance, and operation of the system. For fiscal years 2012 through 2019, total expenditures to build and operate METS to serve public health care programs and MNsure were about \$432 million.

The Office of the Legislative Auditor (OLA) conducted this selected scope audit to determine whether MNIT and DHS ensured METS had adequate internal controls related to eligibility determinations for public health care programs and whether these entities complied with significant legal requirements. Our audit scope included select METS technical processes, security controls, and eligibility determinations for enrollees in Medical Assistance, MinnesotaCare, and the Children's Health Insurance Program between January 1, 2018, and December 31, 2019. We did not examine issues related to the governance of METS or METS functionality related to other health insurance programs, commercial products, or other services provided under MNsure.

## Conclusions

### Legal Compliance

OLA concluded that Minnesota IT Services (MNIT) and the Department of Human Services (DHS) generally complied with the legal requirements we tested that related to determining eligibility, the use of trusted data sources, and periodic data matching to review enrollee eligibility.



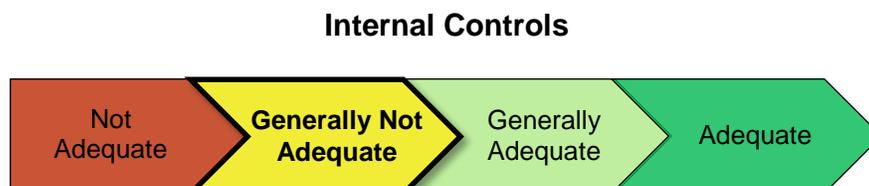
However, OLA found the following issues of noncompliance with legal requirements related to METS' ability to transfer data and MNIT's documentation of system access. We discuss these more thoroughly in the findings and recommendations in the report.

- Finding 4. DHS and MNIT did not ensure that the eligibility status of all enrollees accurately transferred from METS to MMIS.

- Finding 5. DHS and MNIT did not adequately define and document some METS user roles.
- Finding 6. MNIT did not provide evidence that it verified security access to METS for state and county workers in 2018 and 2019.

## Internal Controls

OLA concluded that many of the select technical controls and edits that we tested in METS operated correctly and aligned with program eligibility requirements defined in law. With some exceptions, METS also accurately validated applicant information using data from other sources, when available. However, we found that key MNIT and DHS system controls for METS were, overall, generally not adequate to ensure that it safeguarded assets and ensured compliance with applicable legal requirements.



We identified the following weaknesses in select MNIT and DHS internal controls related to METS eligibility processes and system security access. We discuss these more thoroughly in the findings and recommendations in the report.

- Finding 1. Due to inadequate data and control weaknesses, METS flagged more than one-third of recent eligibility cases for further review by caseworkers to help complete the determination process.
- Finding 2. DHS and MNIT did not ensure that METS enrolled some newborn children in the correct public program following updates to their cases.
- Finding 3. DHS and MNIT did not ensure that METS flagged some eligibility cases for review and verification of social security information.
- Finding 4. DHS and MNIT did not ensure that the eligibility status of all enrollees accurately transferred from METS to MMIS.
- Finding 5. DHS and MNIT did not adequately define and document some METS user roles.
- Finding 6. MNIT did not provide evidence that it verified security access to METS for state and county workers in 2018 and 2019.

# Audit Overview

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The Minnesota Eligibility Technology System (METS) is the online IT system used by MNsure and the Department of Human Services (DHS). METS serves as an automated, centralized resource for individuals to apply for public health care programs and explore private health insurance options. MNsure, Minnesota IT Services (MNIT), and representatives from DHS and counties all play a role in the governance and administration of METS. The development and operations of METS is paid for with state and federal funds and revenue from insurance plans sold through MNsure.

For our audit of METS, we focused on select technical controls and assessed whether METS processed applications and eligibility reviews for public health care programs in accordance with legal requirements. We also reviewed MNIT's security controls to authenticate and authorize individuals to use METS and whether DHS and MNIT complied with key legal requirements. We did not examine issues related to the governance of METS or METS functionality related to other health insurance programs, commercial products, or other services or administration provided by MNsure.

## Background

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In late 2013, Minnesota implemented the Minnesota Eligibility Technology System (METS), an online IT system used by MNsure and DHS. METS is the state's version of a "health insurance exchange" that provides an automated IT resource and application process for public and private health care coverage.<sup>1</sup> MNsure uses METS to help manage qualified private health plans, the federal advance premium tax credit, and cost-sharing reduction programs. DHS and county agencies use METS to help determine eligibility for MinnesotaCare, the Children's Health Insurance Program (CHIP), and some Medical Assistance (MA) programs.<sup>2</sup> For this function, METS is designed to collect and compare data from applicants and federal and state electronic data sources and then determine whether an applicant meets eligibility criteria unique to each program.

## MNsure

MNsure is an agency that is governed by a board charged with administrative and operational responsibilities for Minnesota's health insurance exchange. Board members include the DHS commissioner and appointees by the governor who meet requirements in law.<sup>3</sup> The MNsure board initially oversaw the development and operations of METS. A new law passed in 2016 created the Minnesota Eligibility System Executive Steering Committee to support MNsure in this role; the law also gave MNIT significant

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<sup>1</sup> 42 U.S. Code, sec. 18041(b) (2010).

<sup>2</sup> 42 CFR, 435.1200, secs. (b)-(d) (2012), effective January 1, 2014; and *Minnesota Statutes* 2019, 256B.056, subd. 10(d); and 256B.0561, subd. 2(a). DHS uses METS to determine eligibility for MinnesotaCare (Minnesota's version of a federal Basic Health Program), the federal Children's Health Insurance Program, and Medical Assistance programs that use the modified adjusted gross income method to determine eligibility.

<sup>3</sup> *Minnesota Statutes* 2019, 62V.04, subd. 2.

operational responsibility for METS.<sup>4</sup> However, the MNsure board still retains authority over some METS operations outlined in statutes, such as authorizing users to access METS.<sup>5</sup> For our audit work, we focused on processes and controls administered by DHS and MNIT.

## METS Executive Steering Committee

The METS Executive Steering Committee governs and provides recommendations on the planning, administration, cost allocation, and business operations of METS.<sup>6</sup> The committee is composed of eight representatives from DHS, MNsure, MNIT, and counties, and it must periodically report to the MNsure Legislative Oversight Committee regarding METS funding and expenditures.

## Minnesota IT Services

MNIT manages the information technology infrastructure and technical support services for METS. MNIT also maintains the network, servers, and databases for METS and is also responsible for the design, build, operation, and upgrade of technology for METS.<sup>7</sup>

METS is comprised of multiple technical components that were either developed by MNIT staff or are vendor products.<sup>8</sup> An off-the-shelf product—IBM Cúram Social Program Management (Cúram)—is the system foundation for METS.<sup>9</sup> Other METS components managed by MNIT help authenticate users, generate and store eligibility notices, and transmit data or interface with other data systems. For example, METS must electronically communicate with DHS’s Medicaid Management Information System (MMIS) to complete the public program enrollment process and to help MMIS process accurate payments to managed care organizations and healthcare providers.<sup>10</sup>

## Department of Human Services and the METS Eligibility Determination Process

DHS is responsible for overseeing the administration of public health care programs, including the determination and verification of eligibility for all program applicants and for all enrollees upon annual renewal.<sup>11</sup> County human services agencies are

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<sup>4</sup> *Laws of Minnesota* 2016, chapter 163, art. 4, sec. 2.

<sup>5</sup> *Minnesota Statutes* 2019, 62V.06, subd. 8.

<sup>6</sup> *Minnesota Statutes* 2019, 62V.055, subds. 2 and 3. The steering committee also must make recommendations on setting system goals and priorities, allocating the system’s resources, making major system decisions, and tracking total funding and expenditures for the system from all sources.

<sup>7</sup> *Minnesota Statutes* 2019, 62V.055, subd. 5.

<sup>8</sup> For example, the METS’s Identity Access Management is an Oracle product and the FileNet component is an IBM product.

<sup>9</sup> IBM markets Cúram as containing many of the core components and modules necessary to deliver social services programs, such as case management, participant management, evidence management, verification management, and eligibility and entitlement management.

<sup>10</sup> 45 *CFR*, secs. 155.302(b)(3) and 155.310(d)(3) (2016); and 42 *CFR*, sec. 433.111(b)(2) (2015).

<sup>11</sup> 42 *CFR*, sec. 431.10(b)(3) (2013); and *Minnesota Statutes* 2019, 256B.056, subds. 7a(a) and 10(c).

responsible for processing applications and determining eligibility for Medical Assistance and CHIP, while DHS determines eligibility for MinnesotaCare.<sup>12</sup>

DHS obtained federal approval and funding to enhance its eligibility processes and modernize its eligibility systems through METS; approval of this funding was conditioned on the premise that METS would enhance the economical and efficient administration of the program.<sup>13</sup>

DHS utilizes METS through an interagency agreement with MNsure.<sup>14</sup> METS automates the process for determining whether an individual meets qualifying criteria to be eligible for Medical Assistance (MA), Children’s Health Insurance Program (CHIP), or MinnesotaCare. This process occurs upon initial application and during annual and periodic reviews to redetermine eligibility.

Specifically, when an individual applies for MA, CHIP, or MinnesotaCare, the applicant may submit a paper application, or the applicant or a county caseworker may access the system online and input information into METS.<sup>15</sup> METS then queries other state and federal electronic data sources to acquire data and independently verify the accuracy of the applicant’s information, shown in Exhibit 1 on the next page. Next, METS uses this information to perform complex calculations and compare it against legal criteria for eligibility that are programmed into METS and unique to each program. Based on the results of its analyses, METS generates a notice advising the individual that they are either eligible, potentially eligible, or not eligible for a particular public program.

The primary external data source used by METS is the “Federal Hub,” which accesses data from the federal Social Security Administration, Internal Revenue Service, Department of Homeland Security, and other sources. We note that METS uses wage and unemployment insurance data from the Minnesota Department of Employment and Economic Development (DEED) system at the time of initial application but not during annual renewals or periodic reviews of eligibility.

METS cannot make a final decision when the applicant provides inadequate information or information that does not match the data that METS obtained from independent sources—an issue that we discuss later in this report. Under federal requirements, DHS’s determination process and METS require that the applicant provide additional documentation directly to a DHS or county caseworker.<sup>16</sup> The caseworker then evaluates the additional evidence and updates METS in order to allow the system to reassess eligibility. If the applicant does not provide documentation



To enroll in Medical Assistance, CHIP, or MinnesotaCare, an individual must meet eligibility criteria, including:

- Reside in or be deemed a resident of Minnesota.
- Be a U.S. citizen or qualified noncitizen.
- Not be incarcerated.
- Have a household income that does not exceed certain limits based on household size, age, and other factors.

<sup>12</sup> *Minnesota Statutes* 2019, 256B.05, subds. 1 and 5.

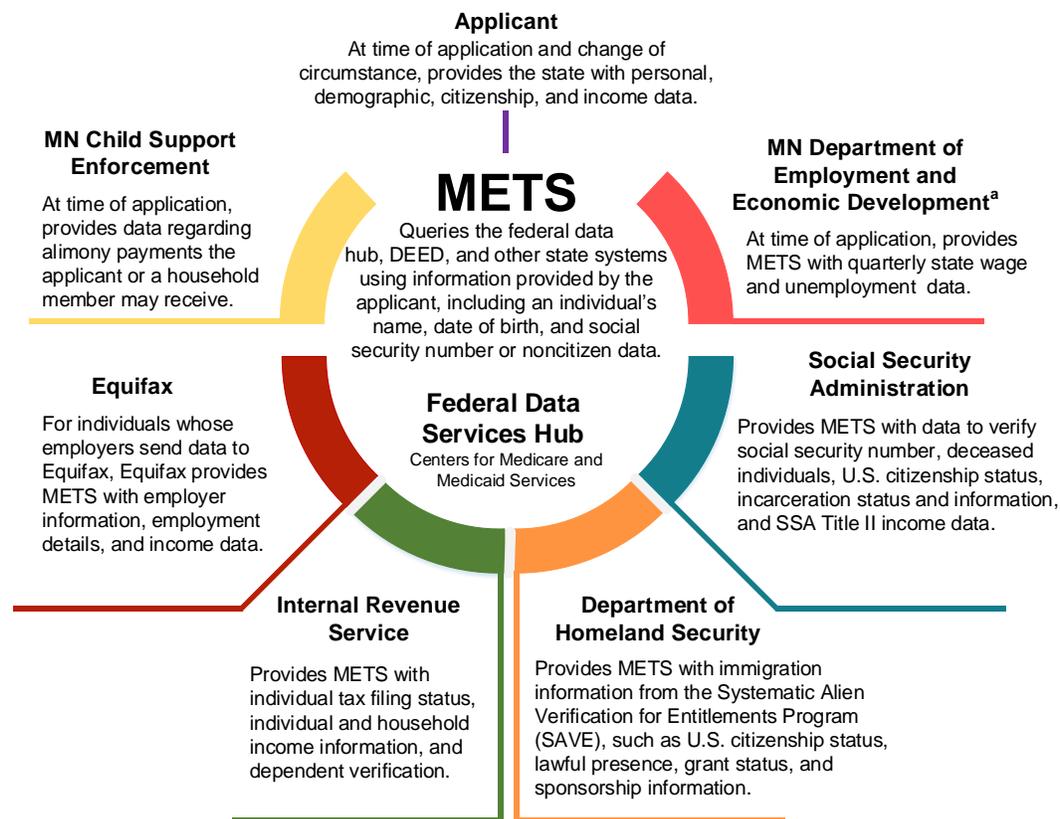
<sup>13</sup> 45 *CFR*, sec. 155.105 (1978, amended 2013); and 42 *CFR*, sec. 433.112 (1978, amended 2011).

<sup>14</sup> *Minnesota Statutes* 2019, 62V.05, subd. 7(a)(1).

<sup>15</sup> An approved MNsure “Navigator” also may assist an applicant with the enrollment process.

<sup>16</sup> 42 *CFR*, sec. 435.952(c)(2) (2014).

## Exhibit 1: Minnesota Eligibility Technology System (METS), December 2019



<sup>a</sup> METS queries Department of Employment and Economic Development (DEED) wage and unemployment insurance data at initial application and, beginning July 2018, renewals; this matching was not used for other periodic reviews of eligibility. DHS subsequently discontinued the use of DEED data starting with December 2019 renewals.

SOURCE: Office of the Legislative Auditor.

within a certain timeframe, METS automatically denies eligibility and generates a notice to the applicant.<sup>17</sup>

DHS initiates a similar process in METS when it carries out annual and periodic eligibility reviews or when an applicant provides updated information. That is, METS automatically queries most of the same state and federal electronic sources and assesses whether the applicant remains eligible for a public program for the coming year. If it appears that an enrollee is no longer eligible, METS generates a notice to the enrollee to verify and update information and, if the enrollee disagrees, directs them to provide supporting documents to a caseworker to further review eligibility and update METS.

<sup>17</sup> These requirements vary for each public program.

## Financial Activity

Exhibit 2 shows the expenditures to design and operate METS totaled about \$432 million for fiscal years 2012 through 2019. This total includes costs for METS to support both MNsure services and public health care programs. Nearly three-fourths (\$328 million) of these IT expenditures were for staff and private contractors to develop and build the system. Generally, METS costs are shared between MNsure and DHS, based on an allocation formula and the extent to which programs and services benefit from the technology. DHS also makes payments to MNsure for their “navigators” to assist individuals enrolled in public programs.

### Exhibit 2: Expenditures for METS, Fiscal Years 2012-2019 (in thousands)

Financial Category	2012-2015	2016-2017	2018-2019	Total
<b>Expenditures</b>				
<b>Development:</b>	<b>\$150,654<sup>a</sup></b>	<b>\$ 88,846</b>	<b>\$ 88,354</b>	<b>\$327,854</b>
State Personnel		17,190	25,399	42,588
Staff Augmentation		28,438	20,448	48,886
Service Contracts		36,205	34,593	70,798
Hardware/Software		6,625	3,628	10,252
MNIT Central Services		0	1,618	1,618
General Administration		388	2,668	3,057
<b>Operations:</b>	<b>\$ 8,600<sup>a</sup></b>	<b>\$ 40,933</b>	<b>\$ 54,880</b>	<b>\$104,413</b>
State Personnel		16,593	18,565	35,158
Staff Augmentation		1,103	6,120	7,224
Service Contracts		1,628	3,226	4,854
Hardware/Software		14,271	9,640	23,911
MNIT Central Services		6,982	15,840	22,822
General Administration		356	1,490	1,846
<b>Total Expenditures</b>	<b>\$159,254</b>	<b>\$129,779</b>	<b>\$143,234</b>	<b>\$432,267</b>
<b>Revenues, by Federal/State Share</b>				
<b>Development:</b>	<b>\$150,654</b>	<b>\$ 88,846</b>	<b>\$ 88,354</b>	<b>\$327,854</b>
Federal	140,001	80,648	69,555	290,204
State	10,653	8,198	18,799	37,650
<b>Operations:</b>	<b>\$ 8,600</b>	<b>\$ 40,933</b>	<b>\$ 54,880</b>	<b>\$104,413</b>
Federal	4,581	26,272	34,242	65,096
State	4,019	14,661	20,638	39,318
<b>Total Revenues</b>	<b>\$159,254</b>	<b>\$129,779</b>	<b>\$143,234</b>	<b>\$432,267</b>

<sup>a</sup>DHS and MNsure did not establish the detailed expenditure categories until fiscal year 2016.

SOURCE: Minnesota Department of Human Services.

Since its inception, METS has been paid for from both federal and state funds; revenues from a percentage of premiums for private health insurance plans sold through MNsure also support its operations.<sup>18</sup> Exhibit 2 shows that federal funds account for the majority share of revenues to support Minnesota's system; these funds included incentives for Minnesota to develop its own health insurance exchanges and upgrade its IT systems to administer the Medicaid program.<sup>19</sup>

However, beginning in October 2018, the Centers for Medicare and Medicaid Services and DHS have reviewed DHS's allocation of some IT development costs to the federal government, and CMS subsequently advised the department that it needed to correct its allocation formula for METS going forward.<sup>20</sup> According to a DHS representative, DHS potentially overclaimed about \$10.5 million in federal funds from October 2016 through December 2018 due to a misallocation, of which \$6.2 million would have been allocated to MNsure for its programs and \$4.3 million to DHS for other programs.<sup>21</sup>

## Audit Scope, Objectives, Methodology, and Criteria

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For this audit of METS, we sought to understand how METS works, how and from which independent sources it obtains and stores data, and how METS makes decisions. We scoped our audit, in part, to address stakeholder concerns about the functionality of METS in automating the eligibility determination process. We also wanted to increase our knowledge of METS to help us identify for future audits any system controls, processes, and program populations that may be at higher risk of error. In particular, *Minnesota Statutes* 2019, 3.972, subd. 2a, requires OLA to audit the eligibility of public program enrollees at least three times each year.

For our work, we examined METS' eligibility determination processes and select technical and security controls in place for Medical Assistance, MinnesotaCare, and CHIP cases active between January 1, 2018, and December 31, 2019.

### Processing Applications and Ongoing Eligibility

This audit work focused on how METS processes applications and whether METS performed the appropriate steps to determine eligibility for initial applications, annual renewals, and periodic data matching (PDM).<sup>22</sup> We designed our work to address the following questions:

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<sup>18</sup> *Minnesota Statutes* 2019, 62V.05, subd. 2(a)-(c).

<sup>19</sup> 42 *U.S. Code*, sec. 1396b(a)(3) (2010).

<sup>20</sup> According to DHS representatives, this discussion is not yet concluded as of the release of this report.

<sup>21</sup> Martin Cammack, Department of Human Services Finance and Operations Division, e-mail message to Valerie Bombach, "OLA/METS Audit response (2 of 2)," February 11, 2020.

<sup>22</sup> *Minnesota Statutes* 2019, 256B.0561, requires that, "Beginning April 1, 2018, the commissioner shall conduct periodic data matching to identify recipients who, based on available electronic data, may not meet eligibility criteria for the public health care program in which the recipient is enrolled. The commissioner shall conduct data matching for medical assistance or MinnesotaCare recipients at least once during a recipient's 12-month period of eligibility."

- Were key METS edits and system controls for public health care programs appropriate, sufficient, and operating effectively?
- Did DHS and MNIT comply with federal and state eligibility requirements?

To answer these questions, we interviewed staff from DHS and MNIT to gain an understanding of the creation of enrollee accounts and METS eligibility processes during initial application and annual and periodic renewal. We reviewed federal and state laws related to eligibility and system requirements and DHS written guidance for initiating, updating, and correcting cases. We also reviewed case file notes entered by DHS and county caseworkers when processing cases.

We tested the METS application process by testing a sample of cases to verify the accuracy of eligibility determinations and renewals and by running eligibility scenarios in a test environment to determine whether METS made decisions in accordance with legal eligibility criteria. We also analyzed METS data for all cases against key legal criteria for eligibility. We then used the results of our analysis to verify the extent to which METS (1) correctly created accounts for individual cases; (2) made appropriate eligibility decisions, based on the information obtained from the enrollee and external sources; and (3) accurately performed periodic data matches, as reported by DHS.

## Technical and IT Security Controls

This audit work focused on certain IT system controls within METS. We designed our work to address the following questions:

- Did DHS and MNIT implement adequate system interface controls between METS and MMIS?
- Did DHS and MNIT comply with legal requirements related to METS system interface functionality?
- Did DHS and MNIT have adequate IT security controls over METS?

To answer these questions, we interviewed staff at DHS and MNIT to gain an understanding of the IT controls in place for METS, such as security access, identity proofing, and system interfaces. We compared METS data to MMIS data to ensure key data were being correctly transferred between the two systems. We also tested key IT controls to ensure they were designed and operating effectively, as shown in Exhibit 3.

### Exhibit 3: Audit Scope, Minnesota Eligibility Technology System

Audit Area	Key Controls Tested
METS-MMIS System Interface	<ul style="list-style-type: none"> <li>• System controls to accurately forward eligibility and enrollment status data to MMIS</li> <li>• Error/exception reporting and resolution</li> </ul>
Application Security	<ul style="list-style-type: none"> <li>• Enrollees:                             <ul style="list-style-type: none"> <li>○ Remote Identity Proofing (RIDP) module to verify identity</li> </ul> </li> <li>• METS users (caseworkers, supervisors, other):                             <ul style="list-style-type: none"> <li>○ Approval, creation, documentation, and termination of accounts (such as the design and compatibility of security roles and access to METS)</li> <li>○ Annual recertification</li> </ul> </li> </ul>
Release Management	<ul style="list-style-type: none"> <li>• Management processes to release new and upgraded METS-related technology</li> <li>• Procedures to manage and track known system defects</li> </ul>
Error Resolution	<ul style="list-style-type: none"> <li>• Process Instance Error (PIE) Queue</li> </ul>

SOURCE: Office of the Legislative Auditor.

We conducted this performance audit in accordance with generally accepted government auditing standards.<sup>23</sup> Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed internal controls against the most recent edition of the internal control standards, published by the U.S. Government Accountability Office.<sup>24</sup> To identify legal compliance criteria for the activity, we reviewed state and federal laws, state administrative rules, state contracts, and policies and procedures established by Minnesota Management and Budget and the Department of Administration. We also utilized the IT-specific criteria Control Objectives for Information and Related Technologies (COBIT), Information Technology Infrastructure Library Service Management, and security standards as published by MNIT and the National Institute of Standards and Technology (NIST).

<sup>23</sup> Comptroller General of the United States, Government Accountability Office, *Government Auditing Standards* (Washington, DC, December 2011).

<sup>24</sup> Comptroller General of the United States, Government Accountability Office, *Standards for Internal Control in the Federal Government* (Washington, DC, September 2014). In September 2014, the State of Minnesota adopted these standards as its internal control framework for the executive branch.

# Determining Eligibility

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DHS and counties use METS to streamline the application process for public health care programs, automatically access data systems to independently verify applicant information, and determine eligibility. In performing these functions, the Centers for Medicare and Medicaid Services (CMS) laid out basic expectations for each state's health insurance exchange.

Specifically, federal funding for Minnesota's METS was premised on the state's plan and federal determination that the system was "likely to provide more efficient, economical, and effective administration" of Medical Assistance, "support accurate and timely processing adjudications/eligibility determinations," and provide acceptable system functionality with "limited mitigations and workarounds."<sup>25</sup>

CMS guidance also stated that, for most people, enrollment in public health care programs will happen in real time; some people may experience discrepancies between the information they provide and the information obtained through authoritative sources and, for these individuals, a timely and responsive resolution process is required.<sup>26</sup>

For our audit of METS, we concluded that the METS technical controls and edits that we tested operated correctly and aligned with program eligibility requirements defined in law, with some exceptions.<sup>27</sup> METS also accurately validated applicant information using data from other sources, when accessed and available, with some exceptions. However, METS was unable to fully determine eligibility for many cases without caseworker assistance, for several reasons, and did not flag some records missing key data. We also observed that some of the "workarounds" for caseworkers to update and resolve discrepancies in complex cases were inefficient and onerous for caseworkers to successfully complete and were, in some scenarios, not effective.

## Inadequate Data and Control Weaknesses

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METS has a complicated system environment that includes both off-the-shelf and custom programming to process complex eligibility rules for each program. In this context, we reviewed METS' automated edits and system controls to assess whether METS accurately determined whether an individual was eligible in accordance with

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<sup>25</sup> 42 *CFR*, secs. 433.112(b)(1), (14), and (17) (2011, amended 2015).

<sup>26</sup> Centers for Medicare & Medicaid Services, *Guidance for Exchange and Medicaid Information Technology (IT) Systems*, v. 2.0 (May 2011), 3-5. Further, the ability to reach a high degree of online use, automation, and real-time adjudication will rest on policy streamlining, simplification, transparency, and clarity of business rules, and caseworker support will be needed to resolve discrepancies among data sources. Such IT systems also should be able to generate data in support of performance management, public transparency, policy analysis, program integrity, and program evaluation. See also, U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, *Medicaid Program: Federal Funding for Medicaid Eligibility Determination and Enrollment Activities*, Federal Register, vol. 76, no. 75, published April 19, 2011.

<sup>27</sup> For example, if an applicant reported that they did not reside in Minnesota, METS correctly denied eligibility. On the other hand, METS did not place some children in the correct program upon renewal.

legal criteria during initial and annual renewals and when an applicant reported changes in their eligibility status.<sup>28</sup>

Federal and state laws require that the state's health exchange IT system interact with various federal and other data sources in order to verify and acquire data as needed to determine eligibility.<sup>29</sup> METS relies on the availability and accuracy of information from applicants and other data systems to complete this automated process. When METS is unable to successfully acquire, compare, and verify data, or data are not reasonably compatible, DHS or county caseworkers must manually process the case.

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## FINDING 1

### **Due to inadequate data and control weaknesses, METS flagged more than one-third of recent eligibility cases for further review by caseworkers to help complete the determination process.**

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We analyzed cases that were processed by METS during a recent 15-month period and found that follow-up by a caseworker was needed for 37 percent of cases (232,000 of 624,000 cases) in order to determine eligibility.<sup>30</sup> METS flagged these cases and notified DHS and county caseworkers to manually review, obtain, and reconcile documentation and record discrepancies when:<sup>31</sup>

- An applicant or caseworker entered incorrect or incomplete information into METS.
- The information entered into METS either did not match data kept in other electronic data sources used to independently verify the applicant's information, the matching data did not exist or was not available in these other systems, or the electronic data sources used by METS were too limited.
- Inadequate system edits adversely affected eligibility processes for enrollees.

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<sup>28</sup> We assessed the accuracy of these edits through extensive testing of application scenarios to determine if METS made decisions in accordance with legal eligibility criteria. Our scope of testing covered cases processed between January 1, 2018, and March 31, 2019. 45 *CFR*, sec. 155.335(a)(f) (2012); and 42 *CFR*, sec. 435.916(c)-(d) (2012).

<sup>29</sup> 45 *CFR*, secs. 155.302(a), (b), and (d) (2012, amended 2013); 155.305(a)-(e) (2012); 42 *CFR*, sec. 431.17 (1979, amended 1986); 45 *CFR*, secs. 155.320 and 155.335(a)(f) (2012); and *Minnesota Statutes* 2019, 256B.056, subds. 4a and 10(d).

<sup>30</sup> These integrated cases included initial applications and annual renewals for Medical Assistance and MinnesotaCare. Among the 231,657 cases that required further review, caseworkers manually resolved about 444,750 of 575,270 record deficiencies (77 percent). The remainder of these deficiencies may have been resolved after our audit period.

<sup>31</sup> We also observed that the cases that required manual processing by a caseworker tended to involve more individuals—such as more dependents—on a single application.

## Error, Omission, and Data Mismatch

Minnesota's implementation of a health insurance exchange included the feature that changed how the state collects information and the controls over that process. Through METS, individuals may apply for health care coverage online by directly accessing and entering information into the system, without the assistance of a caseworker. They also may obtain assistance from a MNsure navigator or county caseworker to help understand the process and avoid errors or submit a paper application to their county agency. Regardless of who enters data into METS, the information must be accurate and complete and must match or be reasonably compatible with verification data in order for the system to make an accurate assessment of eligibility. When it is not, a caseworker must remediate data entry errors and omissions, particularly when the issues involve personal identification and income information.

### Personal Identification Information

An individual's social security number is the primary identifier used through METS to retrieve data from all other sources—shown previously in Exhibit 1—and determine eligibility. Federal regulations require Medical Assistance applicants to provide a social security number or otherwise apply for one, unless they qualify for an exemption defined in law.<sup>32</sup> When an applicant applies for public health care, METS checks other DHS systems to confirm whether the applicant is or has previously participated in a public program; this includes confirming social security number, name, and birth date. METS then compares and verifies this personal information with data from the U.S. Social Security Administration and uses other data systems to verify reported income.

From our review of cases, we observed instances in which an applicant, caseworker, or navigator either: (1) did not report a social security number (thus, the applicant needed to work with a caseworker); (2) transposed numbers in error; or (3) reported the same social security number, for example, for two different children. Because METS does not provide real-time feedback of the results of matching to external data sources as the applicant is completing the form, these types of social security number errors must be resolved by a caseworker after the completed application is submitted.

Sometimes, a combination of omissions and errors by applicants or caseworkers and METS controls occurring during the matching and verification processes resulted in enrollees receiving more than one identification number for public programs. This situation leads to DHS making overpayments to managed care organizations because more than one monthly capitation payment is made for a single individual.<sup>33</sup> If DHS identifies an individual with multiple identification numbers, the department then initiates recovery of the overpayments from the managed care organization.

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<sup>32</sup> 42 *CFR*, sec. 435.910 (2010).

<sup>33</sup> We did not fully evaluate the issue of duplicate personal identification numbers as the 2019 Legislature directed the Department of Human Services to design and implement a corrective action plan to address this issue. See *Laws of Minnesota* 2019, First Special Session, chapter 9, art. 7, sec. 45, and the related report, Minnesota IT Services and Department of Human Services, *Corrective Plan to Address Duplicate Personal Identification Numbers*, February 2020.

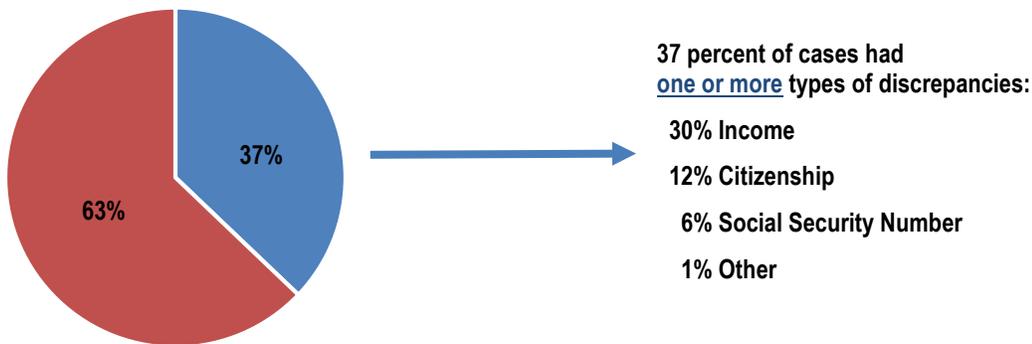
### Disclosure of Income

In other cases we reviewed, some individuals did not disclose complete income information to DHS during their initial application or during annual renewals. For example, we found that METS retrieved income data from external electronic data sources for about 11 percent of individuals who did *not* report that they had income.<sup>34</sup> In these cases, METS controls operated effectively.

### Data Mismatch and Discrepancies

Exhibit 4 shows the nature of the record discrepancies within the 232,000 cases that required manual follow-up by a caseworker during our audit period; many of these cases required more than one type of verification or verification for more than one person on the case.<sup>35</sup> About 6 percent of all cases processed by METS needed verification of social security information, while 30 percent needed verification of income. For example, METS did not obtain income data from an independent source for 23 percent of all individuals who reported *at least some* income to METS. These results may be because of data error or mismatch, the METS system controls did not adequately interface to other data systems, the data did not exist, or for other reasons we discuss in the next section. Overall, METS flagged more than 575,000 record discrepancies during a 15-month period for caseworkers to review and complete the eligibility process.<sup>36</sup>

**Exhibit 4: Percentage of Cases Flagged by METS for Manual Verification by Caseworker, and Percentage of Discrepancy, by Type, August 2019**



■ Case Flagged for Verification ■ Case Not Flagged for Verification

NOTES: During a 15-month period, METS flagged more than 232,000 cases as having one or more discrepancies that required follow-up. "Other" includes discrepancies related to incarceration status, state residency, and demographics. Cases may have more than one type of discrepancy; therefore, percentages do not sum to 100 percent.

SOURCE: Office of the Legislative Auditor, analysis of METS data.

<sup>34</sup> METS identified income data from an independent data source for about 78,580 of 717,000 individuals (11 percent) who did *not* report income in METS.

<sup>35</sup> METS was unable to obtain income data from an independent data source for about 160,550 of 686,790 individuals (23 percent). MNIT staff told us they do not store IRS annual tax return data within METS due to IRS regulatory restrictions and, thus, we were unable to fully analyze these manual verifications.

<sup>36</sup> Within these 232,000 cases, about 68 percent of the individual record discrepancies related to income, 22 percent related to citizenship status, 9 percent related to social security information, and 1 percent were for other issues, such as incarceration status.

## Inadequate Income Data

Most record discrepancies that impeded the METS eligibility assessment process during our audit period were related to income—either a lack of applicant reporting or mismatched data among systems. METS relies on six main sources for income data, shown previously in Exhibit 1. First, an applicant reports their income into METS. Then, METS compares the applicant’s income against data from other systems that contain IRS federal tax data, social security retirement and disability income benefits, Equifax payroll data, child support data, and DEED wage and unemployment insurance data.

Successful data matching and acquisition depends on the accuracy and completeness of data from the applicant, their age and work status, METS access to the data, or other factors. For example, DEED wage data may not exist for a disabled individual who receives social security disability payments or is self-employed.<sup>37</sup>

One data source—DEED wage and unemployment insurance data—provides information about an individual’s income that can be more current than an individual’s tax return. However, DHS’s use of DEED wage data has been inconsistent and, in some cases we reviewed, the METS matching process to DEED data appeared unsuccessful.<sup>38</sup>

During our audit period, METS was set up to query DEED wage and unemployment insurance data at both initial application and for annual eligibility renewals. The matching process is more often effective during an initial application because the applicant may be present and, therefore, can help verify in real time the correct wage records from DEED. However, DHS’s automated annual review of eligibility does not require the presence of the applicant. In September 2019, DHS suspended the automated use of DEED data starting with December 2019 renewals because the programming in METS and the data matching process greatly increased the need for manual verifications and follow-up by county caseworkers and enrollees.<sup>39</sup>

Federal Medicaid law requires state agencies to request from other state agencies information related to wages, to the extent that the agency determines it is useful for verifying financial eligibility of the individual.<sup>40</sup> To improve the availability of

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<sup>37</sup> We found that METS matched income information with Equifax payroll data for about 23 percent of enrollees during our audit period.

<sup>38</sup> We questioned the results of the METS inquiry of DEED wage data in 5 of 60 sample cases. For example, in some cases, METS successfully matched DEED wage data for one household member but did not capture any wage data for a related household member, despite a long history of DEED wage records. In these cases, we did not find any reason for the failed match and verification.

<sup>39</sup> We note that DHS in its state Medicaid Plan and Basic Health Plan Blueprint for Minnesota stated that it did use DEED data during its annual eligibility review process. See Minnesota Department of Human Services, “Basic Health Program Blueprint,” Revised Certification, December 12, 2018.

<sup>40</sup> 42 *CFR*, sec. 435.948(a)(1) (2012), references the “State Wage Information Collection Agency” for purposes of verifying eligibility. 42 *CFR*, sec. 435.945(k) (2012), states that, “The agency may request information through a mechanism other than electronic services...provided that such alternative...mechanism will reduce the administrative costs and burdens on individuals and states while maximizing accuracy, [and] minimizing delay....”

income data to verify public program eligibility and reduce the need for caseworker review, DHS and MNIT should resolve the METS programming issues related to the use of DEED data and the resulting errors and manual verifications. We found that METS identified DEED records for 54 percent of applicants who reported at least some income. DEED data are updated quarterly, is a relatively current source of income data, and would be easier to obtain and store in METS than tax data.

We also encourage DHS and MNIT to explore additional sources of independent income data that may improve the reliability of automated eligibility decisions. Specifically, the Minnesota Department of Revenue's state tax data would provide DHS with annualized income information, without the access restrictions related to federal tax information.

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## RECOMMENDATIONS

- **DHS and MNIT should resolve the METS programming issues related to the use of Department of Employment and Economic Development wage and unemployment insurance data to determine eligibility.**
  - **DHS and MNIT should expand the use of independent electronic data sources by METS, such as Minnesota Department of Revenue state tax data, during annual renewal and periodic reverification of enrollee eligibility for public health care programs.**
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## Corrections and Workarounds

Most eligibility cases processed by METS were successfully determined through its automated process; however, more than one-third of cases required a caseworker to manually review and verify information, often due to data entry errors, omissions, and missing information. We reviewed case files requiring manual intervention and DHS guidance to caseworkers for making changes and corrections to METS records.

We observed that, unlike the initial application process for most cases, the processing of corrections and updates in METS often required very complicated steps and workarounds by caseworkers in order to achieve the intended result. For example, to address certain errors that may occur when a caseworker attempts to update evidence related to social security number or citizenship status for a newborn child, a caseworker must add a temporary verification item and follow 14 steps as a workaround to ensure a case is properly processed.<sup>41</sup> When correcting or renewing eligibility for certain populations, a caseworker must log all actions in case notes, verify the METS notice to the participants is correct, and may have to wait 24 hours and check MMIS to confirm that METS correctly transmitted all of the updates or corrections.<sup>42</sup>

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<sup>41</sup> Minnesota Department of Human Services, ONEsource Manual, "Resolve Missing SSNID and Citizen Status Code Verification," December 9, 2019, 3-4.

<sup>42</sup> Minnesota Department of Human Services, ONEsource Manual, "Pregnancy or Auto Newborn Case Re-entry Procedure," January 13, 2020.

In some types of scenarios, DHS guidance directs caseworkers to close the case and start over if the workaround is not successful, and we found examples in our case reviews in which this occurred.<sup>43</sup> Although the exact cause of the failed correction to a discrepancy was not always apparent, what was clear is that the system edits in METS did not always allow for efficient remediation of errors and updates. In these cases, it is unclear that the benefit of automation resulted in more efficient and economical processes.<sup>44</sup> We further discuss and make recommendations regarding the impact of these deficiencies later in this report.

For states that use a health insurance exchange for eligibility, federal standards require streamlined and coordinated eligibility processes for the state Medicaid and CHIP agency and that the processes do not increase administrative costs.<sup>45</sup> Although we observed that MNIT's management processes to track *known* system defects were generally adequate during the period of our audit, we still found cases in which METS did not accurately process updated information, in particular, for newborn children.

## Newborn Child and Parent

When a pregnant woman who applies for and is enrolled in Medical Assistance gives birth, her child is automatically eligible for MA for the first year of enrollment.<sup>46</sup> Concurrently, the child's mother is automatically eligible for MA for 60 days post-birth, after which DHS must reassess her eligibility for public programs and update the case.<sup>47</sup>

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### FINDING 2

#### **DHS and MNIT did not ensure that METS enrolled some newborn children in the correct public program following updates to their cases.**

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From our review of a sample of CHIP cases, we found 4 of 60 cases (7 percent) in which a newborn child who should have remained enrolled in Medical Assistance was incorrectly transferred by METS into the CHIP program. These system errors occurred as part of the annual renewal process to reverify the mother's eligibility and the resulting updates of information—such as income or citizenship status—that were entered into METS by the caseworker.

DHS provides guidance to caseworkers for processing updates to cases involving pregnant women and newborns; however, we note that the steps to complete these tasks are complicated and technical.

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<sup>43</sup> Minnesota Department of Human Services, ONEsource Manual, "Case Re-Entry," March 10, 2020.

<sup>44</sup> 42 *CFR*, secs. 433.112(b)(1), (14), and (17) (2011, amended 2015).

<sup>45</sup> 45 *CFR*, sec. 155.302(d)(1)-(2) (2012, amended 2013).

<sup>46</sup> These children are categorized as having "auto newborn" status. 42 *CFR*, sec. 435.117 (2012); and *Minnesota Statutes* 2019, 256B.055, subd. 10.

<sup>47</sup> *Minnesota Statutes* 2019, 256B.055, subd. 6.

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## RECOMMENDATION

**DHS and MNIT should resolve deficiencies in METS to ensure newborn children are enrolled in the correct public health care program.**

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## Missing Validation Edits

When a pregnant woman who is enrolled in MA gives birth, her child is automatically eligible and is exempt from the requirement to have and report a social security number during the first year of enrollment.<sup>48</sup> If the child is still enrolled after one year, the parent must obtain and provide a social security number for the child to remain in the program.

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## FINDING 3

**DHS and MNIT did not ensure that METS flagged some eligibility cases for review and verification of social security information.**

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We identified nearly 8,000 children enrolled in MA within our audit period who did not have a social security number in METS. These children had been automatically enrolled in MA following birth, but their parents did not provide the required social security information to DHS following the first year of enrollment.<sup>49</sup> For the nearly 8,000 children we identified, METS did not flag that the child lacked a social security number and require a caseworker to manually address the deficiency.<sup>50</sup> According to DHS staff, METS is not programmed to prompt caseworkers to enter and verify the child's social security number after the first year of automatic enrollment or during automatic renewal and periodic data matching.

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## RECOMMENDATION

**DHS and MNIT should program METS to require verification of social security numbers for child enrollees whose automatic eligibility status expired after one year.**

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## Periodic Data Matching

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Periodic Data Matching (PDM) is a statutorily required process in which DHS reviews eligibility and identifies Medical Assistance and MinnesotaCare enrollees who may not

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<sup>48</sup> 42 *CFR*, sec. 435.117 (2012).

<sup>49</sup> Minnesota Department of Human Services, Minnesota Health Care Programs Eligibility Policy Manual, "Policy 2.2.2.1.1 Auto Newborn Basis of Eligibility" (June 1, 2019), [http://hcopub.dhs.state.mn.us/epm/#t=2\\_2\\_2\\_1\\_1.htm](http://hcopub.dhs.state.mn.us/epm/#t=2_2_2_1_1.htm), accessed October 7, 2019.

<sup>50</sup> We noted cases that were not flagged or reviewed for social security numbers for several years. In one case, the social security number had not yet been reported for a six-year-old child.

meet program criteria for the remainder of their year of eligibility.<sup>51</sup> DHS and MNIT added custom programming into METS to process periodic data matching.

### DHS conducted periodic data matching to review enrollee eligibility.

In February 2019, DHS fully implemented the PDM process. PDM occurs at approximately the midpoint in the enrollee’s yearly eligibility cycle. Similar to when it processes initial applications, METS acquires income and other data from other electronic sources and uses that information to forecast whether the individual will be eligible for the next six months. If the data obtained indicates that the enrollee may no longer be eligible, METS creates and mails a “discrepancy notice” to the enrollee. An enrollee then has 30 days to respond to DHS or a county caseworker and resolve the discrepancy, or the enrollee will be removed from the program.<sup>52</sup>



#### PDM Discrepancy

Discrepant information is data DHS receives through the PDM process that is not consistent with the case information attested to by an enrollee. This could be inconsistent information about income, a death, or Medicare Part A enrollment for the enrollee or anyone in the household.

— DHS Bulletin 18-21-03,  
PDM for MA and MinnesotaCare

We reviewed the results of DHS’s periodic data matching conducted during late 2018 and early 2019.<sup>53</sup> We then compared the results of the periodic data matching to our own analysis of the METS data. We found no significant differences between our analysis and the results of DHS’s periodic data matching, as reported by DHS.<sup>54</sup>

We then further analyzed each DHS periodic data matching event and verified the outcomes of DHS’s processes. On average, METS flagged 10 percent of enrollees included in PDM as potentially having discrepant information that did not meet eligibility requirements, shown in Exhibit 5. Following the notification and resolution process, DHS eventually closed about 40 percent of cases with discrepancies (that is, 6,937 enrollees, or 4 percent of all enrollees included in PDM).

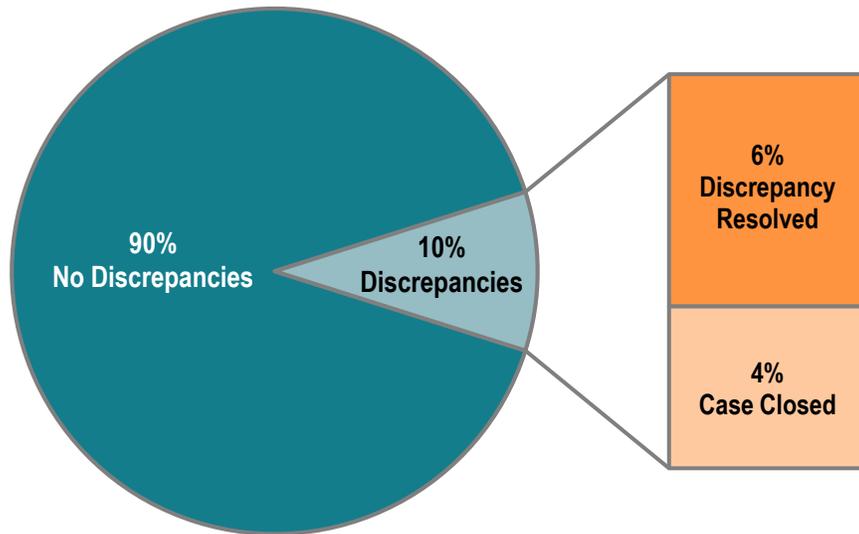
<sup>51</sup> *Minnesota Statutes* 2019, 256B.0561, subd. 2(a), “Beginning April 1, 2018, the commissioner shall conduct periodic data matching to identify recipients who, based on available electronic data, may not meet eligibility criteria for the public health care program in which the recipient is enrolled. The commissioner shall conduct data matching for medical assistance or MinnesotaCare recipients at least once during a recipient’s 12-month period of eligibility.”

<sup>52</sup> DHS generates and sends closing notices no later than ten days in advance of ending eligibility. After both the initial notice and notice of closing, enrollees may request and may be granted an additional 30 days to produce the required information.

<sup>53</sup> DHS conducted a preliminary field test in September 2018 before fully implementing the process in February 2019 and March 2019.

<sup>54</sup> Periodic Data Matching (PDM) Field Test Report (Minnesota Department of Human Services, November 26, 2018), [https://www.mnsure.org/assets/2018-11-27-ESC-PDM-Field-Test-Report\\_tcm34-359998.pdf](https://www.mnsure.org/assets/2018-11-27-ESC-PDM-Field-Test-Report_tcm34-359998.pdf), accessed July 2, 2019.

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**Exhibit 5: Percentage of Enrollees with Eligibility Discrepancies, Periodic Data Matching, September 2018, February 2019, and March 2019**

SOURCE: Office of the Legislative Auditor, analysis of Department of Human Services and METS data.

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DHS reports the results of its periodic data matching to the Legislature. As we recommended in the previous section, we think that DHS should consider expanding the use of external data sources—such as DEED wage data—to include within its periodic data matching processes.

# Systems Interface

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For enrollees deemed eligible for public health care programs, DHS uses a separate system, the Medicaid Management Information System (MMIS), to manage enrollees' healthcare histories and process provider claims for payments, among other functions. Federal law requires that the state ensure interoperability between METS and MMIS; in particular, METS must transfer accurate data and results of eligibility assessments via secure electronic interface promptly and without undue delay.<sup>55</sup>

We audited select controls related to the transfer of METS data to DHS's system. We found that MNIT and DHS did not ensure that METS transferred the correct eligibility status of many enrollees to DHS's MMIS case management and payment IT system—an ongoing issue since the inception of METS.

## Incomplete Case Closure and Data Transfer

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In our previous audits of enrollee eligibility, we found deficiencies in the METS system interface technology that transfers information from METS to MMIS. Specifically, METS determined that some enrollees were no longer eligible for a program, but their cases either did not close in METS or were incorrectly kept open in MMIS. As a result, DHS continued to pay managed care organizations for individuals who were not eligible for a public health care program.<sup>56</sup> To better understand the extent to which METS accurately processes and transfers enrollee eligibility status into MMIS more recently, we analyzed DHS reports, METS and MMIS data, and case file notes.

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### FINDING 4

#### **DHS and MNIT did not ensure that the eligibility status of all enrollees accurately transferred from METS to MMIS.**

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To help identify discrepancies in data between METS and MMIS, MNIT created—and DHS staff monitor—a weekly report that identifies potential mismatches in the eligibility status of enrollees between the two systems. An individual may appear on this report for various reasons, including the failure of METS to accurately transfer data or an enrollee to pay their initial MinnesotaCare premium. DHS staff manually

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<sup>55</sup> 45 *CFR*, secs. 155.302(b)(3) (2012, amended 2013); and 155.310(d)(3) (2012); 42 *CFR*, secs. 433.111(b)(2) (2011, amended 2013); and 435.1200(c)-(d) (2012). Minnesota's Blueprint to establish a Basic Health Program stated that when reported changes result in new or continued eligibility for MinnesotaCare or Medical Assistance, the updated information is automatically interfaced to the MMIS system in real time. Further, if the system determines that an individual is no longer eligible for MinnesotaCare, the system sends eligibility closing data to MMIS. See Minnesota Department of Human Services, "Basic Health Program Blueprint," Revised Certification, December 12, 2018, 15 and 17.

<sup>56</sup> In 2018, we reviewed the eligibility status of enrollees in MinnesotaCare and Medical Assistance. Among the samples we tested, the eligibility status failed to transfer correctly from METS to MMIS for 20 of 201 MinnesotaCare enrollees and 5 out of 160 MA enrollees. Office of the Legislative Auditor, Financial Audit Division, *MinnesotaCare Eligibility* (October 2018), <https://www.auditor.leg.state.mn.us/fad/pdf/fad1815.pdf>; and *Medical Assistance Eligibility: Adults Without Children* (December 2018), <https://www.auditor.leg.state.mn.us/fad/pdf/fad1818.pdf>.

investigate each case on these reports and resolve the METS/MMIS data discrepancies when they are able to.

We analyzed a sample of DHS's METS/MMIS discrepancy reports from 2018 and 2019 and observed that the weekly number of enrollees with mismatched eligibility status varied widely, from 36,099 on December 29, 2018, to 17,300 on September 14, 2019.<sup>57</sup> Additionally, enrollees often appeared on these reports for several weeks or intermittently over time.<sup>58</sup>

From our analysis of METS and MMIS data and review of cases, we observed that the METS/MMIS record discrepancies often involved cases in which members within the same household were enrolled in different programs, or family members were moving between Medical Assistance and MinnesotaCare or were disenrolled due to changes in eligibility. For example, METS failed to close a person's enrollment in MA—despite caseworker intervention—and enrollment in MinnesotaCare did not activate. In some cases we reviewed, there appeared to be caseworker error in carrying out complicated “workaround” processes to update or close a case, and the METS case did not update or close, or the close status did not transfer to MMIS. However, in many cases, it was not readily apparent to us why the accurate transfer of eligibility status failed.

To help address the weakness in the METS/MMIS system interface, DHS staff monitor the weekly reports, and the department also provides a troubleshooting guide for caseworkers to reference when they are contacted by an enrollee. Often, the ultimate resolution for the eligibility mismatch errors requires a caseworker to close the case, re-enter the information, and monitor the new case for accuracy in both METS and MMIS. In these cases, it is unclear that METS automation results in more efficient and economical eligibility processes.

The inaccurate transfer of data between METS and MMIS adversely affects enrollees, the state, the counties, and providers, and it requires additional time and resources to resolve the discrepancies. County caseworkers handle phone calls from enrollees who have had their cases incorrectly closed. In some of these cases, enrollees were denied treatment at a doctor or were unable to fill a prescription at a pharmacy.<sup>59</sup> The METS/MMIS interface deficiency also has financial implications for stakeholders:

#### *Delayed MinnesotaCare Refunds to Enrollees*

In early 2019, MNIT and DHS identified certain MinnesotaCare cases in which the closure in METS did not interface properly to MMIS due to an MMIS defect. This interface defect prevented MinnesotaCare refunds to enrollees in about 24,000 households from being processed. The outstanding refunds ranged from \$5.00 to \$4,402, for a total backlog of \$1.8 million going back to May 2016. As of October 2019, DHS issued refunds to all enrollees affected by this deficiency.

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<sup>57</sup> Additionally, there were 153,208 unique individuals that appeared on our 14 sample METS/MMIS weekly discrepancy reports.

<sup>58</sup> Based on a sample, we estimated that 65 percent of enrollees were removed from the report within three weeks of first appearing on the report.

<sup>59</sup> Based on our review of case files and caseworker notes.

### *Missed Federal Reimbursement for MinnesotaCare Expenses*

The deficiencies in the METS transfer of enrollment data to MMIS also affected DHS's ability to accurately calculate MinnesotaCare enrollment and substantiate the federal share of costs owed to the state for some enrollees' health care expenses. Without more accurate data of MinnesotaCare enrollees over the past four years, the state is unable to collect about \$76 million from the federal government. DHS also projects a similar impact on federal funding in the future due to this technical interface issue.

### *Overpayments to Managed Care Organizations*

DHS relies on a weekly report and caseworkers to investigate and resolve discrepancies in each case with a potential mismatch in eligibility status between METS and MMIS—a process that does not allow for efficient identification and reconciliation of potential overpayments to managed care organizations. DHS representatives told us it would be difficult to identify and estimate overpayments to managed care organizations under the current internal control processes without manually reviewing each case on the weekly discrepancy reports.

We think that DHS and MNIT should develop a more proactive approach—such as a real-time logging system or a suspended file—to identify and quickly resolve cases for which the eligibility data for individuals has not properly transferred from METS to MMIS. The adverse consequences for enrollees who experience delays in health care, the loss of significant federal funds for MinnesotaCare, and potential overpayments to managed care organizations also means a more rigorous review and resolution of METS/MMIS system interface deficiencies is needed.

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## **RECOMMENDATIONS**

- **DHS and MNIT should design and implement an automated, system-generated process to easily detect METS cases that fail to correctly update or close and transfer to MMIS.**
  - **DHS and MNIT should resolve the technology deficiencies that prevent case updates and the accurate transfer of information for some cases from METS to MMIS.**
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# System Access Controls

For METS, controls over access are particularly important because the system contains significant information—such as social security numbers—that is personal and must be protected under federal and state law. MNIT is responsible for managing user access to METS and its data and applications in accordance with information security standards.<sup>60</sup> This functions involves working with DHS to design and implement IT controls that define who has access to METS and what they can access and then monitoring to ensure that user access is necessary and appropriate. Industry standards also require that user security roles for an IT system are well-defined, documented, and understood in order to prevent unauthorized or inappropriate usage.<sup>61</sup>

We concluded that DHS and MNIT had generally inadequate system access controls for METS, because the departments did not adequately define and document some users' ability to access and modify system data. MNIT also did not provide us with evidence that it periodically reviewed security access by users.

## Inadequate Documentation of User Roles

A key element of effective security for a system such as METS is to control who has access to view, add, or modify particular data in the system.<sup>62</sup> “Role-based access control” allows access to be defined and controlled at a group level based on job duties.

This role-based approach is commonly employed and should be designed based on a principle of *least privilege*. That is, users must only be able to access the data and functions necessary to complete the responsibilities of their jobs.<sup>63</sup> For METS, state statutes require that access to METS be limited to a user role that corresponds to the official duties or training level of the individual.<sup>64</sup> For example, a “caseworker1” would need to be able to *add* proof to complete a verification on a case, while a “clerical worker” may only be able to *view* outstanding verifications.<sup>65</sup>



### Least Privilege

A security principle that restricts the access privileges of authorized personnel to the minimum necessary to perform their jobs.

— National Institute of Standards and Technology

<sup>60</sup> *Minnesota Statutes* 2019, 16E.03, subds. 2(3) and 7; and 62V.055, subd. 5.

<sup>61</sup> ISACA, *COBIT 2019 Framework: Governance and Management Objectives* (Schaumburg, IL: 2019), 259 and 267.

<sup>62</sup> ISACA, *COBIT and Application Controls: A Management Guide* (Rolling Meadows, IL: 2009), 75.

<sup>63</sup> U.S. Department of Commerce, “Security and Privacy Controls for Federal Information Systems and Organizations, Special Publication 800-53 rev. 4,” Appendix F (April 2013), 18-19.

<sup>64</sup> *Minnesota Statutes* 2019, 62V.06, subd. 8.

<sup>65</sup> The terms “caseworker1” and “clerical worker” are for illustration purposes only.

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## FINDING 5

### **DHS and MNIT did not adequately define and document some METS user roles.**

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We reviewed MNIT's documentation of METS user roles and functions to assess their design, appropriateness, and compatibility. User roles are typically documented in a security matrix that details the ability of each user role to view, add, and modify data within each system function or application screen. However, MNIT's documentation lacked this detailed information for several roles, one of which was assigned to a significant number of state and county staff. In response to several requests, MNIT provided us with incomplete and conflicting descriptions of the access and duties of these particular users and their ability to view, create, edit, or delete records in METS.

The proper design and implementation of roles that are based on job duties and a principle of least privilege also helps ensure that users have the access necessary to perform their work from a single user *account*. However, we identified many state and county employees with more than one active user account.<sup>66</sup> For example, some employees had one "caseworker1" account and also a second account for a "caseworker2."

MNIT staff told us that METS can only assign one user role to a user account; therefore, when a caseworker must perform work that encompasses many duties and responsibilities, they must have multiple user accounts to complete their work. However, based on the lack of documentation for some METS user roles, it is unclear whether multiple accounts and user roles are needed and that their design is role-based and tied to employee job responsibilities. DHS and MNIT's use of excessive user accounts and MNIT's weak or missing documentation of user roles significantly increases the risk of unauthorized access to METS.

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## RECOMMENDATION

**MNIT should work with DHS and better define, document, and implement METS user roles that are based on job requirements and the principle of least privilege.**

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<sup>66</sup> We reviewed all METS user accounts (over 12,000) as of October 2019 and, based on a comparison of user first and last name, about 16 percent of users had two or more accounts.

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## Insufficient Management of User Access

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In addition to oversight of user access to METS, MNIT IT staff must periodically review, validate, and recertify user access privileges and communicate to the appropriate administrator when user access must be removed.<sup>67</sup>

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### FINDING 6

**MNIT did not provide evidence that it verified security access to METS for state and county workers in 2018 and 2019.**

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To verify MNIT compliance with its own access recertification standard, we made several requests to MNIT staff to provide us with documentation of its annual review of access by state, county, and other METS users. MNIT staff told us that MNIT performed the annual recertification of users in fall 2018, but that they were unable to locate and provide OLA with documentation, for any authorized METS user, for 2018 and 2019.<sup>68</sup> MNIT's lack of documentation does not comply with its own standard, which requires it to keep documentation of the recertification process for at least two years.<sup>69</sup>

Failure to verify that access to METS is necessary and appropriate increases the risk that an employee whose job responsibilities have changed, or who no longer works for a county or the state, could gain access to view and change case and enrollee data in METS. The annual recertification process helps ensure that MNIT staff appropriately disable user accounts that are invalid or no longer necessary.

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### RECOMMENDATION

**MNIT should comply with MNIT access control standards and consistently perform and document the annual security recertification of METS users.**

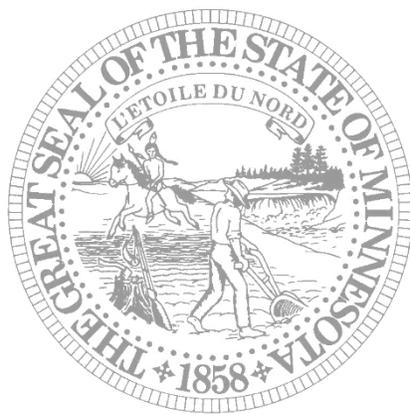
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<sup>67</sup> See Minnesota IT Services, "Enterprise Identity and Access Management Standard," version 1.3, effective January 1, 2016, where control number 5 states, "All accounts must be reviewed upon changes in user role and at least annually for user accounts and every 6 months for privileged accounts and service accounts. The review must validate and recertify that all access privileges are still needed and authorized. The results of the review must be documented and unnecessary access privileges must be communicated to account administrators for removal. Review documentation must be maintained by the account administrator for at least 2 years and made available to central access control team upon request."

<sup>68</sup> As of our request in September 2019.

<sup>69</sup> Minnesota IT Services, "Enterprise Identity and Access Management Standard," version 1.3, effective January 1, 2016, 2.



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# List of Recommendations

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- DHS and MNIT should resolve the METS programming issues related to the use of Department of Employment and Economic Development wage and unemployment insurance data to determine eligibility. (p.16)
- DHS and MNIT should expand the use of independent electronic data sources by METS, such as Minnesota Department of Revenue state tax data, during annual renewal and periodic reverification of enrollee eligibility for public health care programs. (p. 16)
- DHS and MNIT should resolve deficiencies in METS to ensure newborn children are enrolled in the correct public health care program. (p. 18)
- DHS and MNIT should program METS to require verification of social security numbers for child enrollees whose automatic eligibility status expired after one year. (p. 18)
- DHS and MNIT should design and implement an automated, system-generated process to easily detect METS cases that fail to correctly update or close and transfer to MMIS. (p. 23)
- DHS and MNIT should resolve the technology deficiencies that prevent case updates and the accurate transfer of information for some cases from METS to MMIS. (p. 23)
- MNIT should work with DHS and better define, document, and implement METS user roles that are based on job requirements and the principle of least privilege. (p. 26)
- MNIT should comply with MNIT access control standards and consistently perform and document the annual security recertification of METS users. (p. 27)





**Minnesota Department of Human Services**

**Elmer L. Andersen Building  
Commissioner Jodi Harpstead  
Post Office Box 64998  
St. Paul, Minnesota 55164-0998**

**Minnesota IT Services**

**Centennial Office Building  
Commissioner Tarek Tomes  
658 Cedar Street  
St. Paul, Minnesota 55155**

April 10, 2020

James Nobles, Legislative Auditor  
Office of the Legislative Auditor  
Centennial Office Building  
658 Cedar Street  
St. Paul, Minnesota 55155

Dear Mr. Nobles:

Thank you for the opportunity to review and comment on your office's report, titled *Minnesota Eligibility Technology System Internal Controls and Compliance Audit*.

The Minnesota Eligibility Technology System (METS) provides critical access to health care by determining eligibility for over a million Minnesotans each year. We welcome and value the opportunity to evaluate system controls and functions and identify ways to improve performance and functionality. MNIT and DHS have been working with counties over the last six years to improve METS. These efforts have improved the accuracy of eligibility determinations, as your office found in two audits in 2018.

We acknowledge that challenges remain, given the complexity of the tasks that state and county workers must perform to process some cases. As the current report documents, the METS-MMIS interface is accurate about 95 percent of the time, but issues with transfers between the systems create work for staff, increase fiscal risk and often impact coverage for enrollees. The audit gives us helpful analysis and recommendations to guide our work to continue to improve the system.

We are pleased that the report found that we "generally complied" with legal requirements, reflecting our efforts over the last several years and confirming the conclusions of your 2018 audits.

We do not believe, however, that the report's conclusion that internal controls were "generally not adequate" is supported by the evidence. The findings in this area of the report had relatively low error rates, which we believe reflect a level of general compliance.

Our response to the specific findings is detailed below.

### **Finding 1**

Due to inadequate data and control weaknesses, METS flagged more than one-third of recent eligibility cases for further review by caseworkers to help complete the determination process.

We have particular concerns with this finding. The eligibility process for public health care programs is designed to determine eligibility by matching independent, external data sources with data provided by applicants and enrollees. When data is comparable, the system can determine eligibility automatically, as the report found in two-thirds of the cases. When the automatic determination does not happen, the audit suggests a failure of internal controls. We do not believe this reflects a correct understanding of how to measure the accuracy and efficacy of METS or the eligibility process. To the contrary, we believe this is exactly how the eligibility process is supposed to work. If the data does not match, a caseworker needs to resolve the issue by gathering information.

We believe the correct measure of the system's accuracy and efficacy would be the accuracy of eligibility determinations. The audit does not measure this, nor does it find a higher eligibility error rate for cases that required caseworker intervention. We agree that it is more efficient for the state and counties, and more convenient for enrollees, when the system determines eligibility automatically. However, we believe the accuracy of the eligibility determination should be the primary standard for auditing eligibility. If independent data sources do not match the applicant's reported data, we are required to ensure that the correct data is used to determine eligibility.

### **Finding 2**

DHS and MNIT did not ensure that METS enrolled some newborn children in the correct public program following updates to their cases.

We agree with this finding. We will review existing procedures for automatic enrollment of newborns, simplify instructions for workers, review METS functionality to identify gaps and implement enhancements that eliminate complex workarounds to ensure correct eligibility, and amend instructions for when cases involving automatically enrolled newborns need to be closed and re-entered in METS.

### **Finding 3**

DHS and MNIT did not ensure that METS flagged some eligibility cases for review and verification of social security information.

We also agree with this finding. We will review and plan to update METS functionality to require verification of Social Security numbers for automatically enrolled newborns turning one. Before those changes, we will review and update existing procedures to help workers identify newborns who do not have verified Social Security numbers and ensure that follow-up occurs.

**Finding 4**

DHS and MNIT did not ensure that the eligibility status of all enrollees accurately transferred from METS to MMIS.

We agree with this finding. We are working to address the data transmission errors that occur between METS and MMIS resulting in adverse consequences to enrollees and managed care organizations and loss of federal funding for MinnesotaCare. There is currently a joint DHS and MNIT project underway to improve the transmission of data between these systems. As part of this effort, we will evaluate ways to develop an automated, system generated process to detect when METS data doesn't correctly transfer to MMIS.

**Finding 5**

DHS and MNIT did not adequately define and document some METS user roles.

We agree with this finding. We need to improve the level of detail for each user role contained in the security matrix. The principle of least privilege demands that we assign only the rights necessary to perform the task. While our approach sometimes requires multiple roles per individual, the architecture of the IBM Cúram product is limited to one role per user account. We will review all users with multiple accounts to ensure they have only the access necessary to perform their work.

**Finding 6**

MNIT did not provide evidence that it verified security access to METS for state and county workers in 2018 and 2019.

We also agree with this finding. Going forward, all METS entitlement reviews will start in February. The METS entitlement review for 2020 is currently underway.

We appreciated the opportunity to work with your staff, and for their professional and dedicated efforts during this audit. Our policy is to follow up on all findings to evaluate progress made to resolve them. If you have further questions, please contact Gary L. Johnson, Internal Audit Director, at (651) 431-3623.

Sincerely,

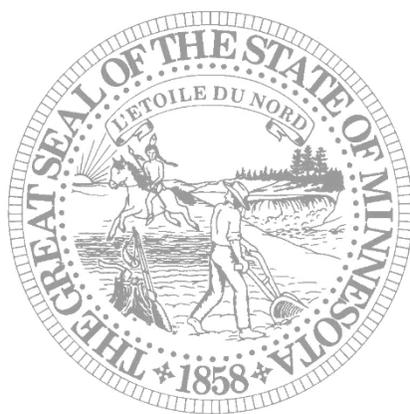


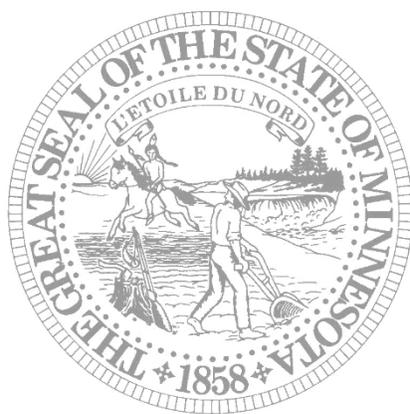
Jodi Harpstead  
Commissioner  
Department of Human Services



Tarek Tomes  
Commissioner  
Minnesota IT Services







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CENTENNIAL OFFICE BUILDING – SUITE 140  
658 CEDAR STREET – SAINT PAUL, MN 55155