



OPERATIONAL MEMO

TITLE:	MANAGEMENT DECISION LETTERS, IMPROVEMENT AND CORRECTIVE ACTION PLANS
SUPERSEDES NUMBER:	HCPF OM 21-004
EFFECTIVE DATE:	NOVEMBER 22, 2021
DIVISION AND OFFICE:	COMMUNICATIONS AND GOVERNMENT RELATIONS, POLICY, COMMUNICATIONS AND ADMINISTRATION OFFICE
PROGRAM AREA:	COUNTY RELATIONS AND ADMINISTRATION
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Purpose and Audience:

The Department of Health Care Policy and Financing, referenced herein as “the State Department” or “HCPF”, has the statutory responsibility for oversight of the Colorado Medical Assistance Program (Medicaid) as defined by Colorado Revised Statutes [Section 25.5-1-114(3)]. Medicaid is also known as Health First Colorado. Medical Assistance also includes the Children’s Basic Health Plan known as Child Health Plan Plus (CHP+). The purpose of this Operational Memo is to document the processes used to monitor the administration and operations of Medical Assistance Programs administered by county department of human/social services, referenced herein as “eligibility sites” and subsequent improvement actions or corrective actions required to correct any determined non-compliance.

The process as documented in this Operational Memo shall be used by the State Department until further notice.

Information:



Monitoring

The State Department utilizes a variety of methods for oversight of the administration of the Medicaid program. These include but are not limited to site visits, quality assurance reviews, administrative desk reviews, financial reviews, and third-party audits.

Non-Compliance Findings

When conducting audits and reviews the State Department shall issue or sustain findings of non-compliance through a Management Decision Letter. Findings of non-compliance will be grouped into three different categories:

1. Administrative: Non-compliance with administrative requirements, including missing or incomplete policies, procedures or processes, legal non-compliance or other types of non-compliance not defined below.
2. Quality: Non-compliance with quality assurance, audit, or review requirements set forth in 10 CCR 2505-5 1.020.10. Performance: Non-compliance with performance measures, benchmarks and targets as determined by the Colorado Department of Health Care Policy and Financing.
3. Performance: Non-compliance with performance measures as determined by the State Department.
4. Eligibility Determination: Non-compliance with any requirement as set forth in Volume 8 of the Colorado Code of Regulations, which governs the eligibility determination process for Medical Assistance Programs.

Notification of Findings to County Director

The State Department will send a Management Decision Letter (MDL) to the County Director of human/social services. This letter will provide details regarding findings of non-compliance that result in the need for a Tier 1 Improvement Action Plan or a Tier 2 Corrective Action Plan.

Types of Plans to Address Non-Compliance

The State Department shall require the county to submit a plan to address the identified non-compliance. The State Department shall specify to the county the type of plan that is required to be implemented.



1. Tier 1 Improvement Action Plan: an informal plan implemented with technical assistance to address non-compliance and/or performance that may lead to non-compliance. This type of plan is not subject to fiscal sanctions as defined in 10 CCR 2505-5 1.020.12 (Sanctions). The State Department may convert a Tier 1 Improvement Action Plan to a Tier 2 Corrective Action Plan for any Tier 1 plans that have failed to be adequately or timely implemented.
2. Tier 2 Corrective Action Plan: a formal plan implemented with technical assistance to address non-compliance and/or performance. This type of plan is subject to fiscal sanctions as defined in 10 CCR 2505-5 1.020.12. The State Department may communicate with the County Board of Social/Human Services regarding any Type 2 Corrective Action Plans.

Completion of Tier 1 and Tier 2 Plans:

Upon request of the State Department, the county shall complete a Tier 1 Improvement Action Plan or Tier 2 Corrective Action Plan. The requested plan shall address:

1. Previously noted non-compliance
 - o Address how both the individual and systemic root cause of each non-compliance has been previously corrected. The plan must contain the following information for each previously noted non-compliance:
 1. The date the correction was implemented;
 2. The staff involved in the correction;
 3. The documentation supporting the correction has been implemented.
2. Newly identified non-compliance
 - o Address how each root cause, both individual and systemic, of the non-compliance will be addressed. The plan must contain the following information for each non-compliance:
 1. Identification of the non-compliance;
 2. The specific action(s) to be taken to correct the non-compliance;
 3. The specific time frames for completion of each specific action not to exceed six months without the expressed written consent of the State Department;
 4. The name of the contact person responsible for corrective action.

The documentation to support that the actions taken to address non-compliance will be or have been completed. Any plans



submitted shall utilize the State Department-provided template. Submissions that do not utilize the template, are incomplete, or missing information shall be rejected. The county shall address the reasons that the State Department rejected the plan prior to re-submitting any rejected plan.

Technical Assistance

The county may request technical assistance from the State Department in developing a Tier 1 or Tier 2 Plan. This request must occur within 15 calendar days of notification to the county director to complete a Tier 1 or Tier 2 Plan. The State Department may also require completion of a technical assistance meeting for a Tier 1 or Tier 2 Plan.

Timeframe to Develop and Submit a Plan and Extension of Time

Timeframe to Develop and Submit a Plan

1. If notified of the requirement to complete a Tier 1 or Tier 2 Plan, the county shall develop and submit a plan within 30 calendar days of receiving notification from the State Department.

Extension of Time

2. If the eligibility site needs additional time to develop a either a Tier 1 or Tier 2 Plan, the eligibility site director must submit a request electronically, using the Department's online form and within five (5) calendar days from receiving notification of the requirement to complete a Plan, specifying the new timeframe requested and providing an explanation for the extension request.

o Review of Extension Request

- The State Department will review the request for time extension within five working days of receipt and respond to the eligibility site director.

Acceptance or Rejection of a Tier 1 or Tier 2 Plan

Within 30 business days of receipt of the proposed Tier 1 or Tier 2 Plan from the eligibility site department of social/human services, the Department will review and either accept or reject the proposed Tier 1 or Tier 2 Plan.

1. Accepted Tier 1 or Tier 2 Plan



- o If the eligibility site is not notified within ten calendar days of rejection of any

Tier 1 or Tier 2 Plan submitted, then the plan is accepted. The State Department will send an electronic communication indicating the submitted Plan is approved.

2. Rejected Tier 1 or Tier 2 Plan

- o If the submitted Tier 1 or Tier 2 plan is rejected by the State Department, the eligibility site will be notified electronically of the decision and will be required to resubmit. The eligibility site will be required to participate in Department provided technical assistance to address the individual and systemic root cause of non-compliance.
- o The eligibility site is required to successfully complete an initial technical assistance meeting within 15 calendar days of receipt of the Tier 1 or Tier 2 Plan rejection.

- i. If the eligibility site cannot complete the initial technical assistance meeting within 15 calendar days, the director will electronically submit a request for an extension to the State Department

3. If the eligibility site cannot complete the initial technical assistance meeting within 15 calendar days, the State Department will review the request for time extension. The State Department will respond to the eligibility site Director within five business days of receipt.

Ongoing Monitoring of any Tier 1 or Tier 2 Accepted New Plan

Upon acceptance of the Tier 1 or Tier 2 Plan, the State Department will follow procedures outlined in this Operational Memo.

- Follow-Up
 - o The State Department will verify that the eligibility site has complied with the approved Tier 1 or Tier 2 Plan. The eligibility site will submit any documentation needed to verify compliance upon completion of the Tier 1 or Tier 2 Plan to the State Department.

Non-Compliance with Accepted Plan

If the State Department has verified that the eligibility site has not complied with the accepted Tier 1 or Tier 2 Plan, then:



1. The State Department shall convert a Tier 1 Improvement Action Plan to a Tier 2 Corrective Action Plan
2. The State Department shall implement fiscal sanctions for non-compliance on a Tier 2 Corrective Action Plan as defined in 10 CCR 2505-5 1.020.11.

The first notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the eligibility site director 60 calendar days prior to the implementation of fiscal sanctions. The eligibility site shall have 30 calendar days after notification of fiscal sanctions to correct the non-compliance with the Tier 2 Plan to avoid implementation of fiscal sanctions.

The second notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the eligibility site director 30 calendar days prior to the implementation of fiscal sanctions. The second notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per 10 CCR 2505-5 1.020.11 and the date the sanction will be implemented. The eligibility site shall have 15 calendar days to correct the non-compliance with the Tier 2 Plan to avoid fiscal sanctions.

The third notification of fiscal sanctions due to non-compliance on a Tier 2 Corrective Action Plan shall be sent to the eligibility site director five (5) calendar days prior to the implementation of fiscal sanctions. The third notification shall include the dollar amount of fiscal sanctions, or any other sanction implemented per 10 CCR 2505-5 1.020.11 and the date the sanction will be implemented. The eligibility site will be unable to avoid fiscal sanctions at this point even if the non-compliance has been corrected. Correcting non-compliance with the Tier 2 Plan after fiscal sanctions have been implemented shall correct the non-compliance with the Tier 2 Plan but will not reverse fiscal sanctions implemented as a result of non-compliance. Fiscal sanctions will end on the final working day of the month that the non-compliance finding is corrected. If the Tier 2 Plan continues to be out of compliance after fiscal sanctions have been implemented, then the State Department will require the eligibility site to keep the Tier 2 Plan open and will classify this as "repeat findings." Continued non-compliance with a Tier 2 Plan can lead to additional fiscal sanctions implemented until the eligibility site corrects the non-compliance with the Tier 2 Plan.



Closure of an Accepted Plan

Upon completion of a Tier 1 Improvement Action Plan or Tier 2 Corrective Action Plan, rectification of non-compliance by the eligibility site and verification of completion by the State Department, a closure letter will be sent to the eligibility site director.

Appeals of Fiscal Sanction Notifications

The eligibility site can appeal any first or second notification of non-compliance within the timeframe specified in the section "Non-Compliance with Accepted Plan" by sending an electronic communication to the State Department. The basis for the appeal shall be limited to a factual error in the report or an incorrect interpretation of law, rule, or regulations. The eligibility site shall submit documents or evidence with its appeal. The third notification of non-compliance is not eligible to appeal by the eligibility site. Within 10 calendar days of receiving the appeal, the State Department shall issue a final decision in writing which will be sent electronically to the eligibility site director. The effective date of the final decision is the date it is signed.

Finding Resources, Submitting Documents and Requesting Support

When notified of the requirement to implement an IAP or CAP, the State Department will provide contact information for the individual and/or team that will be approving/rejecting and monitoring the plan. Counties are encouraged to reach out to those contacts for technical assistance with any new or open plans. General information on IAPs, CAPs and general information on oversight can be found on our webpage at www.colorado.gov/county-admin.

For specific questions regarding this Operational Memo or the established process for notification of non-compliance and implementation of an IAP or CAP, counties can reach out to the State Department contact below.

Attachment(s):

Improvement Action and Corrective Action Plan Template

Department Contact:

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