




MAR 16 2006

TO: Abby Block, Director
Center for Beneficiary Choices
Centers for Medicare & Medicaid Services

FROM: Stuart Wright 
Deputy Inspector General
for Evaluation and Inspections

SUBJECT: Early Implementation of MMA: Status Report of the State Health Insurance Assistance Programs (OEI-05-05-00190)

This memorandum contains information regarding the Centers for Medicare & Medicaid Services' (CMS) ability to assess the State Health Insurance Assistance Program (SHIP) as SHIPs begin to assist beneficiaries interested in enrolling in the new Medicare drug benefit. This early implementation review provides a description of the current status of CMS's oversight efforts regarding this program and contains implications for the future, as well as some suggestions for further improvements. This work also lays a baseline for future Office of Inspector General work in the area.

Background

SHIP provides a "health insurance advisory service to assist Medicare eligible individuals with the receipt of services under the Medicare and Medicaid programs and other health insurance programs."¹ SHIPs currently operate in all 50 States, the District of Columbia, the Virgin Islands, Puerto Rico, and Guam. SHIPs are generally composed of volunteer networks in local communities, with over 1,300 local SHIP offices around the country supported in large part by over 10,000 volunteers. The SHIP counselors have approximately 1.8 million beneficiary encounters a year through individualized counseling. Additional beneficiaries are served through public and media events.

The Medicare Drug, Improvement, and Modernization Act of 2003 (MMA) made comprehensive prescription drug coverage under Medicare Part D available to all 42 million Medicare beneficiaries. Beneficiaries generally have the option of enrolling either in a stand-alone prescription drug plan (PDP) and receiving all other Medicare benefits through fee-for-service or enrolling in a Medicare Advantage plan (MA plan) and receiving all Medicare benefits (including drug coverage) through managed care. To receive this benefit, Medicare beneficiaries select a prescription drug benefit package that best meets their needs based on differences in

¹ Public Law 101-508.

premiums, copayments, formularies, and pharmacy networks.² Beneficiaries must select a plan by May 15, 2006, or face penalties in the form of higher premiums.

Prior to the passage of the MMA, SHIP was a relatively small program with limited outlays of Federal funding. SHIPs provided information and counseling regarding Medicare and other insurance services, but did not assist beneficiaries in enrolling for benefits. In response to the MMA, SHIPs have taken on a prominent role in conducting outreach and counseling beneficiaries on the new drug benefit. In addition to providing information regarding the new benefit, CMS has instructed SHIPs to help Medicare beneficiaries enroll in the drug benefit.³ A CMS press release characterized SHIPs as the “key foot soldiers in providing one-on-one assistance for Medicare beneficiaries to help them get the best health care.”⁴ SHIPs are of particular importance because they are able to counsel the beneficiary, sometimes in face-to-face situations, about drug plans that will best meet their needs. They are able to provide individualized assistance and have access to local information.

To support the increased expectations to counsel and enroll beneficiaries in the new drug benefit, CMS increased SHIP funding. In the past, CMS annually allocated \$10 million in grants to SHIPs based on a formula stipulated by regulation.⁵ This allocation was increased to approximately \$21 million in fiscal year (FY) 2004 and approximately \$32 million in FY 2005.⁶

Given the importance of SHIPs to the successful implementation of the new drug benefit, it is imperative that CMS has the tools available to assess the SHIP performance. It is only by monitoring and assessing their performance that CMS will be able to ensure that they are effectively assisting beneficiaries and using the enhanced funding in an effective and efficient manner.

Methodology

To ascertain the current ability of CMS to measure the SHIPs’ performance during the early stages of MMA implementation, we reviewed CMS’s mechanisms to collect and assess performance data and the performance data SHIPs submitted.

We reviewed the FY 2005 SHIP grant announcement, the notice of grant award, and data collection forms to determine what performance expectations exist, the associated performance measures, and the data sources used to measure whether expectations are being met. In addition,

² Beneficiaries dually eligible for Medicaid and Medicare and Medicare beneficiaries enrolled in managed care plans will have plans automatically assigned to them. However, they have the option of selecting a different plan that better suits their needs.

³ FY 2005 grant announcement, p. 9.

⁴ CMS press release, April 2005.

⁵ 42 CFR § 403.504.

⁶ The overall appropriation to SHIPs for FY 2005 was \$31.7 million, of which approximately \$1.4 million was applied to the SHIP Resource Center, SHIPtalk.org, SHIP performance assessment, and the SHIP National Conference, and approximately \$1 million was used for SHIP Competitive Leadership Grants. This leaves the first \$10 million in annual grants and the approximately \$19.3 million under the new formula.

we conducted structured interviews with the CMS staff and their contractors to understand the performance expectations, measures, and data collected, as well as to determine how they analyze and validate these data.

We also analyzed the timeliness, completeness, and reliability of the performance data SHIPs submit. To do this, we collected data submissions for the SHIP activities from April 2003 through September 2004 (three reporting periods), the latest complete data available at the time of our request. We also compared the SHIP data submissions to the validated, final performance report, called the National Performance Report (NPR), to determine if flawed data were being included in the final NPR that CMS uses to assess SHIP performance.

Current Status of CMS’s Ability to Assess SHIP Performance

CMS’s Performance Assessment Mechanisms

Performance Assessment Approach. CMS’s authority to assess the SHIP performance is outlined in 42 CFR § 403.502,⁷ which states “CMS awards grants to States subject to the availability of funds and, if applicable, subject to the satisfactory progress in the State’s project during the preceding grant period.” The performance expectations for determining whether satisfactory progress is made are specified in the grant announcement as are the terms and conditions included in the notice of grant award sent to each State. Further, SHIPs have the following reporting requirements contained in statute:⁸ (1) SHIPs must demonstrate to the Secretary via CMS the ability to provide counseling and assistance,⁹ and (2) States receiving the SHIP grants must submit at least one annual report to CMS and any additional reports as CMS may prescribe in the notice of grant award.¹⁰

Based on these authorities, in the FY 2005 grant announcement, CMS established performance expectations for the first time. Prior to the establishment of these expectations, there was no formal process to assess the SHIPs’ performance. The four performance expectations outlined in the grant announcement are:

- (1) Provide counseling to a greater number of individual beneficiaries unable to access other channels of information or needing and preferring locally based individual counseling services.
- (2) Increase targeted outreach in order to provide access to counseling to low-income, dual-eligible, and hard-to-reach populations.
- (3) Increase and enhance the counselor workforce and equip it to be proficient.
- (4) Increase local and State participation in the CMS education and communication activities, thus enhancing communication between CMS and SHIPs to assure that the SHIP counselors are equipped to respond to a rapidly changing counseling environment

⁷ Complete SHIP requirements mandated by law and required in regulation can be found in Public Law 101-508 §§ 4359 through 4360 and 42 CFR parts 403.500 through 403.512.

⁸ Omnibus Budget Reconciliation Act of 1990.

⁹ Required by section 4360 of Public Law 101-508.

¹⁰ Required by 42 CFR § 403.510.

and to provide CMS with information about the support and resources that SHIPs need to provide accurate and reliable counseling services.¹¹

For each of the four performance expectations, CMS lists between 4 to 10 performance measures, totaling 26, that it “may consider”¹² in analyzing the SHIP progress. Eight of the twenty-six performance measures require SHIPs to provide descriptive information. The remaining 18 measures are linked to performance data. See the attachment for a complete list of the SHIP performance measures.

Of the 18 performance measures linked to performance data, only 5 incorporate specific performance targets. For example, to meet the performance expectation of enhancing the counselor workforce, one performance measure stipulates that *all* the SHIP counselors were to have been trained on the new benefits created by the MMA by July 31, 2005. CMS has not similarly delineated specific performance targets in the remaining 13 performance measures. For example, other measures that may be used to assess whether SHIPs meet the expectation of enhancing the counselor workforce include the number of training hours and the number of counseling hours and sessions per counselor. There are no specific numerical targets for either of these measures. CMS has not set a target amount of training hours for SHIPs to strive towards. Nor has CMS provided the target amount of counseling hours or sessions they expect from each counselor. Instead, it is up to SHIPs to infer, from the wording of the performance expectation, that the goal is to demonstrate an increase in these activities.

In addition to these established performance measures, CMS is currently working collaboratively with the SHIP Performance Assessment Workgroup and the SHIP Directors to focus more on performance outcomes and benchmarking. At the SHIP National Directors Conference in May 2005, the CMS staff indicated that the ultimate goal is to design and implement a comprehensive SHIP performance assessment system that provides an overall assessment for each SHIP, including a process to identify performance improvement needs and best practices. To do this, CMS has stated plans to produce a range of performance measurement reports for itself and SHIPs. For example, the CMS staff advised us of and presented information on their plans to group similar SHIPs and rank and compare their performance to established benchmarks.

Further, CMS reports that the CMS staff are conducting regular telephone surveys of the SHIP Directors to assess their ability to recruit, train, and manage volunteers; to identify resources to provide outreach, education, and enrollment assistance; and to respond to the increased need for the SHIP services. As part of this effort, CMS is sharing best practice information among SHIPs to help their directors learn from their colleagues.

Collection of Performance Data. In 2002, CMS developed three standardized forms for the collection of performance data: (1) Client Contact, (2) Public and Media (PAM), and (3) Resource Report. Data from these forms are compiled into the NPR and used to monitor SHIP performance. Prior to this, the SHIP data submissions were not standardized, data

¹¹ FY 2005 grant announcement, pp. 8-11.

¹² FY 2005 grant announcement, p. 9.

collection definitions differed among the SHIPs, and data were only collected in the aggregate. CMS began receiving standardized data from these three new forms in 2004.

The Client Contact form collects data about individual counselor-to-client encounters. The PAM form collects information about the SHIP outreach activities. The Client Contact and the PAM data are submitted quarterly and can be submitted by the encounter (specific information regarding an individual contact with the beneficiary or individual presentations) or in the aggregate (total number of encounters or presentations). The Resource Report form collects data about the SHIP volunteers, staff, and training. These submissions are received in the aggregate and are submitted semiannually. The data contained in these three reports can be submitted through SHIPtalk.org, a Web site for SHIP NPR reporting. SHIPs can also submit data through other means. SHIPs may use State-developed, proprietary systems for the collection and submission of data, or they can use a Microsoft Access-based data entry tool to submit Client Contact data.

In July 2005, the three data collection forms were revised. The increased focus on the SHIP performance under the MMA necessitated changes to these forms to enable CMS to capture more data relevant to the new drug benefit. Specifically, the forms now capture data on educating, counseling, and enrolling beneficiaries in drug plans.

Additionally, CMS began requiring complete reporting by including data reporting as part of the terms and conditions of the FY 2005 grant award and by instructing SHIPs to report data at the encounter-level through SHIPtalk.org. In the grant award, CMS defined full reporting as timely submission of each of the forms. However, CMS did not address the completeness of all data fields or the accuracy of data submitted on the forms. CMS also required more frequent reporting. CMS now requires SHIPs to submit Client Contact and PAM submissions quarterly instead of semiannually and Resource Reports, previously submitted annually, to be submitted semiannually.

SHIP Submissions of Performance Data

CMS reported that it has taken several steps to assist SHIPs in improving their reporting of data used to assess their performance. CMS reports that it provided technical assistance to SHIP directors and counselors, including training them on the use of the NPR forms, how to input data into SHIPtalk.org, and uploading data from proprietary State systems. Further, CMS encouraged full reporting in the FY 2005 grant award, as previously stated.

Our analysis of the SHIP data submissions indicates that SHIP reporting has increased over the three reporting periods analyzed (April 2003 to September 2004). Specifically, SHIPs improved from the first reporting period to the third on each of the three forms: Client Contact submissions improved from 74 percent to 96 percent, and PAM submissions improved from 74 percent to 83 percent. However, some of these submissions were received after the deadline and the totals were not included in the overall final NPR. Resource Report submissions improved from 70 percent to 72 percent.

Even with the increased reporting, SHIPs did not submit all reports at the encounter level in the reporting period ending September 2004. Two SHIPs did not submit Client Contact reports and an additional seven reported Client Contacts only at the aggregate level. The seven aggregate submissions accounted for 32 percent of all Client Contacts. Further, 9 of 54 SHIPs did not submit PAM reports detailing their public and media activities for this same period. These nine SHIPs accounted for almost 30 percent of Client Contacts nationwide during this reporting period. Lastly, during this reporting period, 15 SHIPs did not submit Resource Reports detailing the number of volunteer and paid counselors at each SHIP and the training they received. CMS reports that achieving full reporting is challenging due to the fact that SHIPs rely on a primarily volunteer staff who are motivated by providing services and less motivated to report data. The SHIP performance data submitted to CMS are not comprehensively validated for accuracy. Data that are submitted through SHIPtalk.org are subject to automatic computer edits to prevent nonsense entries and ensure the completeness of key fields. However, data that are not submitted through SHIPtalk.org do not receive this type of systematic data cleansing; CMS has exempted 3 States, accounting for 22 percent of all Client Contacts, from using SHIPtalk.org. CMS's data contractor conducts additional cursory reviews for completeness and accuracy of Client Contact data submitted via SHIPtalk.org, but not on PAM or Resource Report data. Finally, neither CMS nor its contractor validate any of the data onsite by reviewing source documents or assessing the procedures used to input data.

Implications Regarding CMS's Ability to Assess the SHIP Performance

Because CMS has yet to establish specific performance benchmarks or targets, it will be difficult to hold SHIPs accountable for their use of increased funding through the MMA.

Given their additional funding and responsibilities in relation to the new drug benefit, it is increasingly important that the SHIP performance be adequately monitored. Providing SHIPs with known, specific performance targets will be essential to ensure that they are effectively able to assist beneficiaries enrolling in the new drug benefit. Without specific performance targets, it will be difficult for CMS to assess the extent to which SHIPs are meeting performance expectations and to hold them accountable for making improvements commensurate with their increased funding. It will also be difficult for SHIPs to plan their activities and the use of their resources to achieve the established expectations.

For example, CMS requests that SHIPs report the total number of beneficiaries served by individual counseling contacts in order to assess whether they are meeting the expectation to provide counseling to a greater number of individual beneficiaries. It also requests that SHIPs report the number of beneficiaries reached at public events in order to determine their success in increasing targeted outreach to low-income, dual-eligible and hard-to-reach populations. In both cases, the implied performance target for SHIPs is merely to "increase" their activities in these areas. Thus, any increase, regardless of magnitude, over the previous year's performance would be considered successfully meeting the performance expectation.

CMS publicly announced a target of reaching as many as 5 million Medicare beneficiaries through SHIPs in FY 2005.¹³ This translates into reaching approximately one in eight Medicare beneficiaries. However, even in establishing this informal performance target, CMS did not define which activities are included, or designate what percentage of the people to be reached should be served through personalized counseling. Additionally, SHIPs have not been given individual targets or the percentage increases in beneficiaries served needed to achieve this goal.

Incomplete and inaccurate data may hinder CMS in developing and implementing a meaningful performance assessment system.

Complete, accurate, encounter-level SHIP data submissions are necessary to determine if SHIPs are meeting the established performance expectations. Incomplete or inaccurate data in the final NPR will result in an inaccurate assessment of the SHIP performance. For example, the final data submissions we reviewed for the reporting period ending September 2004 incorporated data that indicated one State had experienced a 6,269 percent increase in attendance at interactive presentations between FY 2003 and FY 2004. Data reported at the aggregate level rather than the encounter level will not provide the specificity needed to provide meaningful, performance feedback to individual SHIP sites. Providing SHIPs with meaningful, accurate feedback on their performance is essential to continuous quality improvement in SHIPs' abilities to assist beneficiaries applying for the new drug benefit.

CMS's lack of complete and accurate data could also hinder its ability to establish the benchmarks CMS staff have indicated they would like to construct. It will also hinder them from establishing more specific performance targets.

Suggestions for Improving CMS's Ability to Assess the SHIP Performance

CMS has made important strides in improving its ability to assess the SHIP performance and in working with SHIPs to improve reporting into this system. Our review indicates, however, that there are additional steps CMS should consider to further enhance its ability to accurately assess the SHIP performance. We make the following suggestions to augment CMS's already existing plans to improve SHIP oversight.

CMS should continue to pursue benchmarking and consider using it to establish specific performance targets.

To improve its ability to meaningfully assess the SHIP performance, CMS could further pursue its stated intention to establish benchmarks. Once established, these benchmarks could be used to create specific performance targets for SHIPs. If specific targets are too difficult to establish, given data problems and the substantial flux the program is in due to implementation of the new drug benefit, targets could be expressed as an acceptable range of improvement.

¹³ This target has been established through an official press release and public presentations by the CMS staff.

CMS could work with SHIPs to ensure complete and accurate data submission and could validate all submitted data.

CMS could further clarify for SHIPs that full reporting means that all forms are submitted in a timely fashion, all fields are completed, and the data are accurate. Further, CMS could more systematically validate all performance data. CMS may want to consider incorporating spot checks of source documentation or conducting targeted onsite visits at SHIPs that are having problems meeting reporting requirements or not using SHIPtalk.org to validate data.

We hope you find this information useful to CMS in its ongoing efforts to improve the SHIP performance. If you have any questions, please do not hesitate to call me, or one of your staff may contact Tricia Davis, Director, Medicare and Medicaid Branch, at 410-786-3143, or through e-mail (Tricia.Davis@oig.hhs.gov).

Attachment

Attachment: Complete List of SHIP Performance Measures in FY 05 SHIP Grant Announcement

Expectation	Measurement	Target
Increase local and State SHIP participation in CMS education and communication activities	Compliance with the NPR reporting standards	100%
	State and local program registration on SHIPtalk.org	100%
	Attendance at trainings, conference calls, and the National Directors' Conference	Attendance at 3
	Inventory of the SHIP publications	Description
	Orders of the CMS publications	Increase
Increase and enhance the counselor workforce and equip it to be proficient	The percentage of counselors participating in training and fully trained on the MMA by July 31, 2005	100%
	The availability of Internet access in all local counseling centers and the percentage of volunteers who are trained on using Internet-based counseling and enrollment tools	Full Internet access to materials and tools, no target for training volunteers
	The number and type of counseling hours and sessions per counselor	Increase
	The number of counselor hours per 1,000 beneficiaries in State	Increase
	The use of quality assurance measures, including tools such as counselor recertification exams	Description
	The number of training hours provided to counselors	Increase
	A description of counselor workforce and support systems (including the use of volunteers and paid staff, staff and local program supervision and support systems, role of local/regional coordinators)	Description
	A description of volunteer roles	Description
	A description of targeted counselor recruitment efforts	Description
	The demographic makeup of counseling staff as compared with the demographic makeup of the community served by the program	Increase
Provide counseling to a greater number of individual beneficiaries	The time counselors spend counseling beneficiaries	Increase
	The total number of beneficiaries served by individual counseling contacts	Increase
	The percentage of Medicare beneficiaries in the State that are counseled by SHIPs	Increase
	The percentage of one-on-one contacts as compared to other types of beneficiary contacts and services	Increase
	Coverage of the SHIP services in the State by zip code	Increase
	Number of beneficiaries enrolled in coverage programs and the savings those beneficiaries would realize through their enrollment	Increase
	The budget and implementation strategy related to the amount of support for locally accessible, in-depth counseling services	Description
Increase targeted outreach in order to provide access to counseling to low-income, dual-eligible, and hard-to-reach populations	Target audiences of public events	Description
	Number and reach of public events conducted by the SHIP program	Increase
	Demographics of beneficiaries served through counseling services, including an emphasis on low-income and a representative client base reflective of the ethnicity/race and disability status of the beneficiaries in the State served	Increase efforts to be demographically representative of the Medicare population
	The SHIP program's partnership development strategy and identification of the partners and targeted populations reached through partnerships	Description

Source: Office of Inspector General analysis of the FY 2005 SHIP grant announcement, 2005.