

# OVERVIEW

## *Audit of the Department of Human Services' Expedited Application Process for Pregnant Women*

Report No. 04-12, December 2004

### Summary

The Department of Human Services' Med-QUEST Division is responsible for managing the State's medical assistance programs through Medicaid fee-for-service and a managed care program called QUEST. Prior to 1994, pregnant women who sought medical assistance were presumed eligible to receive immediate prenatal care. Permanent Medicaid eligibility was determined at a later date. With the 1994 establishment of Hawaii QUEST the presumptive eligibility standard was eliminated and pregnant women had to proceed through the ordinary eligibility screening. Pregnant women and their advocates have expressed concern that this lengthy process may delay access to prenatal care, thereby negatively impacting birth outcomes. To address this concern the department established an expedited application process in 2004, asserting that it would process 95 percent of completed applications from pregnant women within five business days.

The department has maintained statistics indicating that it was in compliance with the self-imposed processing standard of processing. We found, however, that despite making notable improvements in processing applications, the department fell short of its self-imposed standard. We tested sample application files on Oahu and Maui and found that Oahu achieved, at most, a 71 percent compliance rate, while Maui attained a 100 percent compliance rate. We note that current administrative rules provide no penalty for failing to comply with the standard, giving little incentive for staff to comply.

Contributing to the division's non-compliance was Oahu's Benefit, Employment and Support Services Division's (BESSD) failure to consistently transfer pregnant women applications to the Med-QUEST Division for processing. Our testing of sample applications on Oahu revealed that BESSD was responsible for seven delays, averaging 18.4 days to process applications from pregnant women.

We also found that the Med-QUEST Division does not apply the five-day standard uniformly among its units. Division staff and supervisors we interviewed interpreted the application standard differently. As a result, pregnant women throughout the State were subject to varying application processing times. Applications submitted by federally qualified health centers were also subject to varying standards.

Adding to the department's false sense of accomplishment was its reliance on flawed statistical calculations. We found that statistics maintained by division staff did not reconcile with those calculated by the division's computer database. Unlike computer calculations, the division excluded applications processed by BESSD in calculating compliance with the five-day standard; the division also included in its calculations applications from pregnant women who were already receiving medical benefits. As a result of the inappropriate inclusions and



exclusions, the department relied on skewed figures in making its assertions of compliance with the five-day standard.

We were also asked by the Legislature to analyze whether a return to presumptive eligibility would yield significant additional benefit to pregnant women. Although presumptive eligibility is utilized in 32 U.S. states and territories, we found that the current expedited application process is probably better than presumptive eligibility. Advocacy groups and public organizations point to local and national studies that laud early prenatal care as a means to address Hawaii's rising number of low birth-weight babies. However, medical research finds the connection between early prenatal care and positive birth outcomes inconclusive.

As part of our research, we surveyed 655 local obstetrician-gynecologists, pediatricians, general and family practitioners, and other related medical professionals regarding the current expedited application process and presumptive eligibility. We found that the five-day application period does not pose a medical hardship to women and that obstetricians average six days before seeing a new client. We also found that some practitioners currently limit or refuse Medicaid clients, and that some practitioners are unlikely to participate as qualified providers under a presumptive eligibility scheme. Overall, practitioners responding to our survey were split on the need for presumptive eligibility, but confirmed that lack of insurance is the most significant barrier to prenatal care in Hawaii. Finally, we found that the State would likely incur higher costs under presumptive eligibility. Our findings suggest that presumptive eligibility may actually become a barrier to early prenatal care.

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## Recommendations and Response

We made several recommendations to help improve the Med-QUEST Division's processing of applications from pregnant women. Among these, we recommended that the department evaluate data-gathering methods and develop a consistent and accurate reporting system, disseminate written instructions clarifying the five-day process, and ensure consistent application of the standard. We also suggested that the department propose an administrative rule amendment that would codify the department's current practice and that it submit a report to the 2006 Legislature regarding improvements made. Finally, we suggested that, if the Legislature determines that presumptive eligibility is necessary, it ensures that stakeholders work together to gain the buy-in by medical providers in the community and that adequate resources are available to support the program.

In written comments on a draft of our report, the department agreed with our finding that improvements have been made and that presumptive eligibility may not serve as a better alternative to expedited application processing. The department also concurred with the recommendations and outlined corrective actions already taken. The department also made clarifying points, but was in general agreement with our findings. We incorporated some of those points of clarification in the final report.

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