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A primary goal of the ACA is to create a simple, real-time eligibility process that uses electronic data to ease the paperwork burden on applicants and state agencies while expediting determination.

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# Audit of the Department of Human Services' KOLEA System

Report No. 15-20, December 2015

*\$155 Million KOLEA project does not achieve all ACA goals*

## **Med-QUEST Division did not properly plan for or implement the ACA**

Although the Department of Human Services was able to launch its Kauhale On-Line Eligibility Application (KOLEA) system on the federally-mandated deadline of October 1, 2013, this new IT application falls short of meeting the goals of the *2010 Patient Protection and Affordable Care Act* (ACA). Poor planning and lack of effective leadership at the division level exacerbated already tight time constraints for developing KOLEA and forced the KOLEA Project Team to develop the eligibility and enrollment process while designing KOLEA.

We found the department did not properly plan for or implement KOLEA. As a result, the department has been unable to achieve the ACA's goals of creating a simple, real-time eligibility and enrollment process that uses electronic data to ease the paperwork burden on applicants and state agencies while expediting an eligibility determination. In addition, the \$155 million IT eligibility and enrollment system neither incorporates all ACA requirements nor meets the Med-QUEST Division's business needs. For example, KOLEA does not perform electronic data matching to verify applicant's income, and staff report that KOLEA is difficult to use and error prone. Consequently, the State could be paying benefits for people who are not eligible or improperly denying coverage for those who are eligible.

## **Enterprise system does not yet support human services programs, but integration is in progress**

The ACA requires states to expand their Medicaid enrollment systems to integrate new programs, rules, and functionalities, and be able to apply streamlined verification and eligibility processes to other federal and state health and human services programs. We found the department has begun work on a new enterprise-wide system to allow integration of its other health and human services programs, such as SNAP and TANF. It therefore does not yet support the ACA's goals of facilitating individuals' enrollment in programs other than Medicaid.

## **Agency response**

The department, which requested this audit, appreciated most of our recommendations but disagreed with our two primary findings. Although it claimed our main findings are "incorrect," we note that the department agreed with all but one of our recommendations. Pursuant to our professional standards, audit recommendations flow logically from findings and conclusions and are directed at resolving the cause of identified deficiencies and findings.

The department contends KOLEA has achieved the ACA's goals and meets all of the requirements for a Medicaid eligibility determination system because, it says, KOLEA accepts online applications, is connected to the federal data hub to conduct online verifications, and determines eligibility in a timely and accurate manner as confirmed by CMS. We found that KOLEA cannot access quarterly wage data from Hawai'i's Department of Labor and Industrial Relations, self-employment income, or unearned income. We also found that administrative efficiencies and reduced paperwork—primary goals of the ACA—have not been realized, according to eligibility workers, supervisors, and branch management.

The department also claims there is no ACA requirement that other human services programs be included in the streamlined eligibility system. Although the ACA does not require they be included, it does require states to facilitate enrollment in health and human services programs. *Human services programs* includes the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, Low Income Home Energy Assistance Program, Supplemental Security Income, Child Care and Development Fund, and similar programs.