



North Carolina
Department of Health and Human Services
Division of Medical Assistance
Recipient Services EIS

801 Ruggles Drive – 2501 Mail Service Center - Raleigh, N.C. 27699-2501
Courier Number 56-20-06

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Gary Fuquay, Director
(919) 855-4000

July 16, 2004

Dear County Director of Social Services:

Re: Private Companies Assisting with
Medicaid Applications

We continue to receive inquiries from county staff regarding private commercial organizations that are assisting recipients with the Medicaid application process. These companies often are contracted by a local hospital or other medical organization to contact patients and assure that an application for assistance is completed when an individual has obtained medical care. Another example is companies contracted to target potential eligibles who have supplemental insurance policies that pay for medical services also covered by Medicaid.

There are concerns that such organizations may be engaging in practices that violate state regulations regarding taking and processing applications. While there is nothing that prevents these companies from assisting individuals with obtaining benefits, they should not represent themselves as employees of the DSS or interfere with the application process. NCGS Section 108A-14 appoints the director of social services to administer the programs of public assistance. The DSS is the sole entity responsible for taking applications and determining eligibility for Medicaid.

There have been reports of these organizations withholding mail-in applications so that the applicant only qualifies for retroactive benefits that cover a particular medical expense. This is clearly manipulating the application process and not allowing the applicant freedom of choice in choosing retroactive or ongoing benefits. Federal regulations at 42 CFR 435.906, Opportunity to Apply, state that the agency must afford an individual wishing to do so the opportunity to apply without delay. The Alexander v. Bruton exit plan requires that the DSS explain all available Medicaid programs and options appropriate to the individual's circumstances and discuss the advantages and disadvantages of the potential program or option as required by 42 CFR 435.404.

There are also reports of companies failing to provide information to the DSS that is needed to process the application. All such activities violate the recipient's right to receive benefits in a timely manner and interfere with agencies furnishing Medicaid promptly to recipients. Federal regulations at 42 CFR 435.930, Furnishing Medicaid, specify that the agency must: (a) Furnish Medicaid promptly to recipients without any delay caused by the agency's administrative procedures; (b) Continue to furnish Medicaid regularly to all eligible individuals until they are found ineligible.

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In addition, it has been brought to our attention that applicants are sometimes confused or upset when contacted by a county Income Maintenance Caseworker as they were told the private company was processing their application and they would not have to deal with the local DSS office.

The following activities are allowable by a private organization who is working with individuals to assist them in obtaining health coverage from Medicaid:

- Assisting an individual in completing and forwarding a mail-in application in a timely manner.
- Acting as authorized representative if a consent form giving them this authority is signed by the applicant.
- Forwarding information needed to process an application to the DSS in a timely manner on behalf of the recipient.
- Conducting outreach and encouraging potential eligibles to apply for assistance.

The following activities are not allowable:

- Withholding applications to manipulate the approval process to the benefit of a medical organization.
- Failing to allow the applicant choice in retroactive versus ongoing benefits.
- Withholding or delaying information that is necessary for the DSS to process the application.
- Discouraging individuals from applying for benefits because an initial screening indicates they may not meet a deductible or are not disabled.
- Informing the applicant that they will not have to deal with the DSS during the application process.
- Using the DMA-5020 for outpatient referrals. It is a referral for inpatient hospitalization only.

In addition, the DSS should not release information concerning pending applications or eligibility to employees of such organizations unless there is written consent by the applicant.

If you encounter problems with any of the aforementioned, please document thoroughly and provide information to your Medicaid Program Representative. We continue to monitor the activities of these organizations and will refer information about any practices that appear to be unacceptable to the Office of the Attorney General for further review.

We hope this information is helpful. Please contact the Medicaid Eligibility Unit at (919) 855-4000 if you have questions.

Sincerely,

Gary Fuquay