



**NC Department of Health and Human Services
NC Medicaid**

**Medicaid and Health Choice Eligibility
Second Party Review Reporting &
Self-Assessment Training**

**Office of Compliance and Program Integrity
December 2020**

Agenda Items

- **Second Party Corrective Action Plan Requirement**
- **Audit Error Types**
- **SFY 2020 Second Party Review Results**
- **Objective and Risks**
- **Processes to Mitigate Risks**
- **Reference Tools & Resources**

Second Party Review Requirement

County Single Audit Finding SFY 2015

- Dear County Director Letter (DCDL) April 2016

Reportable Eligibility Error Types

- Errors
- Technical Errors

Second Party Review Type

Desk Review

- Evaluation of evidence and documentation used to support an eligibility determination that existed in the file AT THE TIME THE ACTION WAS TAKEN
- Required verification of evidence obtained to verify eligibility or ineligibility
- What did the caseworker/agency know when they disposed of the application or recertification?

Active Eligibility Error Types

- **Not Eligible**
- **Unable to Determine Eligible**
- **Liability Overstated/Understated**
- **Third Party Liability**
 - Health Management System (HMS) Referral
 - North Carolina Health Choice (NCHC)

Active Eligibility Error Types (Cont.)

Not Eligible

- Authorized for Medicaid/NCHC benefits and does not meet the State's categorical and financial criteria being verified using the State's documented policies and procedures
- Authorized for Medicaid/NCHC benefits and is determined ineligible or eligible for benefits in incorrect program

Active Eligibility Error Types (Cont.)

Undetermined Eligible

- Lacks or contains insufficient documentation or evidence, in accordance with the State's documented policies and procedures, to make a definitive determination decision for eligibility
- No documentation or evidence obtained to verify eligibility or ineligibility, when required

Active Eligibility Error Types (Cont.)

Undetermined Eligible

- Incorrect tax return year was used to verify self-employment (S/E) income
- Caseworker did not obtain appropriate verification of self-employment income AT THE TIME THE ACTION WAS TAKEN

This is an Undetermined Eligibility Error

The caseworker **cannot** determine if the a/b was eligible or ineligible AT THE TIME THE ACTION WAS TAKEN

Active Eligibility Error Types (Cont.)

Undetermined or Internal Control?

- Incorrect tax return year was used to verify S/E income
- Agency file did contain the appropriate tax year verification
AT THE TIME THE ACTION WAS TAKEN

THE ERROR COULD BE EITHER!

In this example, this is an Internal Control

The case is not undetermined because the caseworker **can** determine the a/b's eligibility using the appropriate tax year verification that was available in the file, AT THE TIME THE ACTION WAS TAKEN, and the eligibility was not impacted

Active Eligibility Error Types (Cont.)

Example of Undetermined Case

- Application received in agency; a/b states she owns a cleaning business; on her application, a/b states her self-employment (S/E) income is \$300.00
- Application approved for MAF/C

Error cited: S/E income not appropriately verified. From the self-attestation provided, County is unable to determine if the \$300.00 is Gross S/E, Net S/E, if there are Expenses or what frequency the a/b is stating she earns the \$300. County cannot accept the a/b's self-attestation as provided and would require additional details.

This is an Undetermined Eligibility Error

Note to County QA staff, Supervisors and Lead Workers: the error must be reported even when **additional** research is done later to verify eligibility.

Active Eligibility Error Types (Cont.)

Liability Overstated

- A/b overpaid toward an assigned liability amount or cost of institutional care and the State underpaid

Liability Understated

- A/b underpaid toward an assigned liability amount or cost of institutional care and the State overpaid

Negative Eligibility Error Types

- **Improper Denial**
- **Improper Withdrawal**
- **Improper Termination**

Negative Eligibility Error Types (Cont.)

Improper Denial

- A/b was denied for not meeting a categorical and/or financial eligibility requirement but, upon review, is found to be eligible
- Policy was not appropriately followed prior to denying an application and the error affects the denial decision

Improper Withdrawal

- Policy was not appropriately followed prior to withdrawing an application and the error affects the withdrawal decision

Negative Eligibility Error Types (Cont.)

Improper Termination

- At redetermination, the beneficiary was terminated from benefits for no longer meeting the program's categorical and/or financial eligibility requirements but, upon review, is found to be eligible
- Policy was not appropriately followed prior to terminating the beneficiary's program benefits and the error affects the termination decision

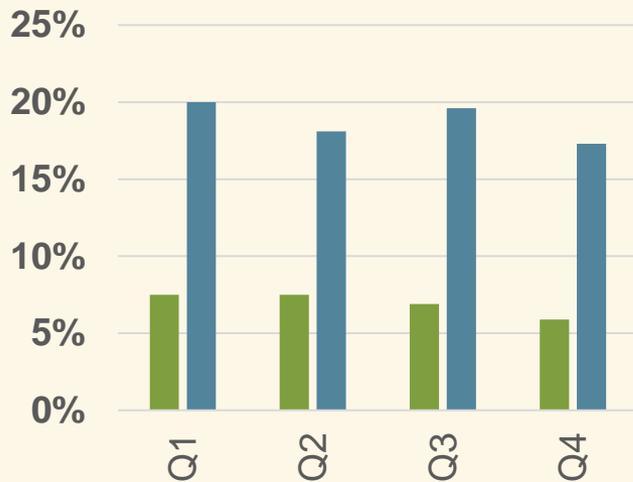
Internal Control Error

Technical Errors

- State policies and/or procedures were not applied correctly; however, the error did not change the outcome of the eligibility determination

Second Party Review Results

SFY 2020 Error Rates



■ Eligibility Error
■ Internal Control

First Quarter Error Rate

- 7.5% Eligibility Error
- 20.0% Internal Control

Second Quarter Error Rate

- 7.5% Eligibility Error
- 18.1% Internal Control

Third Quarter Error Rate

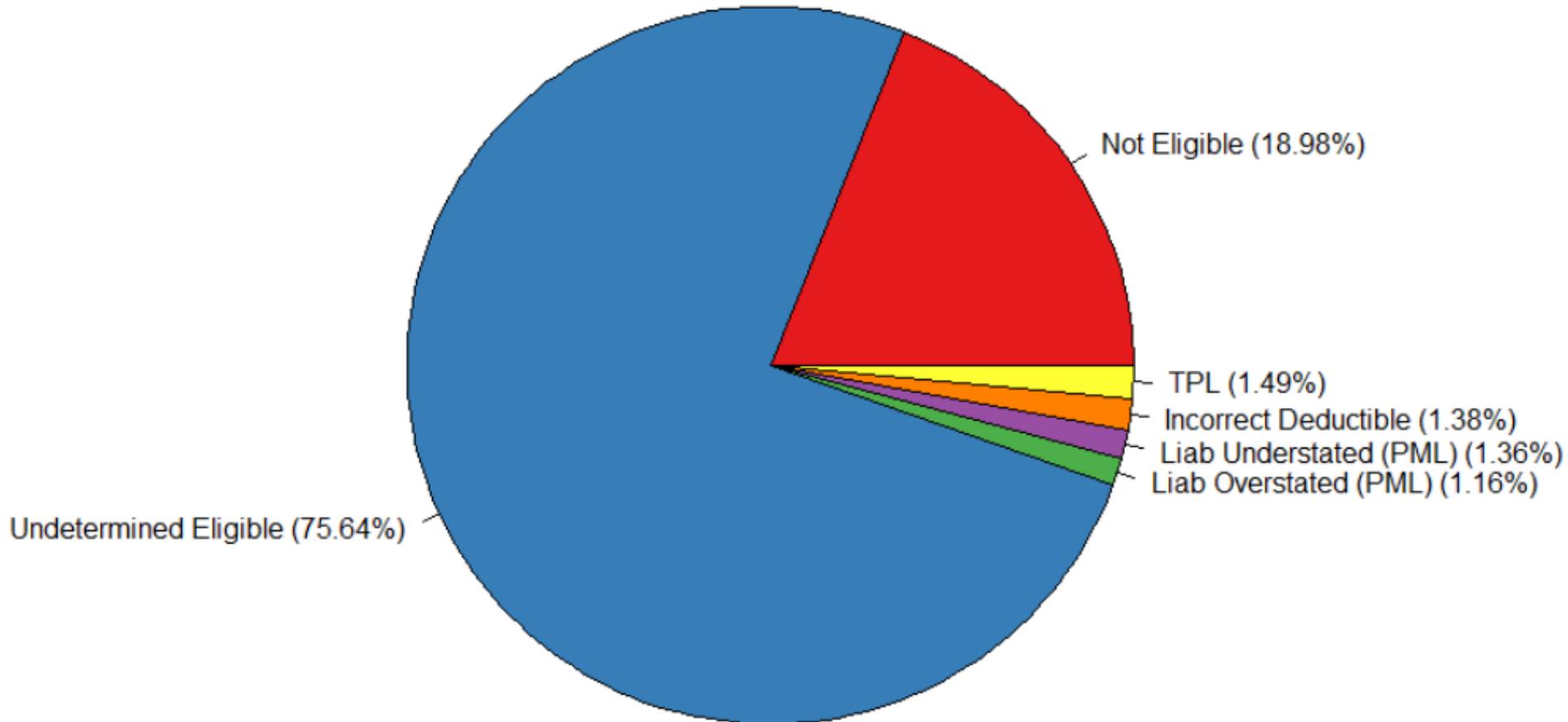
- 6.9% Eligibility Error
- 19.6% Internal Control

Fourth Quarter Error Rate

- 5.9% Eligibility Error
- 17.3% Internal Control

Second Party Review Results (Cont.)

Active Eligibility Error Types SFY 2020



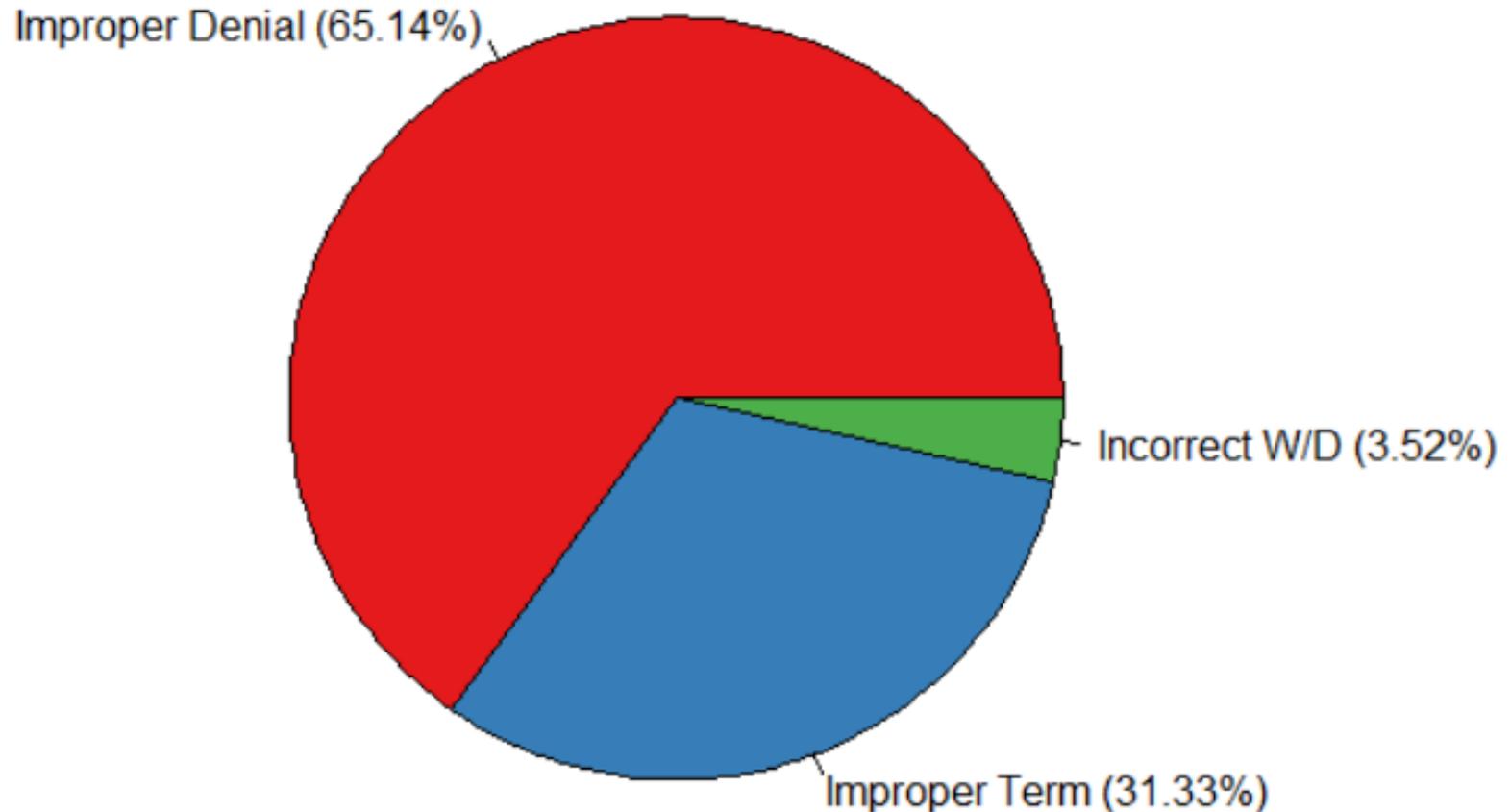
Second Party Review Results (Cont.)

Active Eligibility Error Trends SFY 2020

- **AVS/OVS Not Ran**
- **Incorrect Income/Budget Incorrect**
 - Incorrect base period
 - Countable income not included in the budget
 - Uncountable income included in the budget
- **Evidence Not Verified**
 - Household composition
 - Tax filing status
 - Earned/unearned income
 - Self-employment
- **NCF-20020**
 - Requested incorrectly or not requested when required
- **Resources**
 - Not verified
 - Counted incorrectly towards countable reserve

Second Party Review Results (Cont.)

Negative Eligibility Error Types SFY 2020



Second Party Review Results (Cont.)

Negative Eligibility Error Trends SFY 2020

- **Failure to Evaluate for All Programs**
 - Family Planning Program
 - Medically Needy
- **Time Standards**
 - Denied prior to the 45th or 90th day when policy does not allow
- **Verification Available to Agency**
 - Other agency records
 - Electronic Verifications

Second Party Reviews

Measures actual performance against written policy & procedures

- ✓ *Validate controls work to meet objectives*
- ✓ *Identify any risks*
- ✓ *Improve quality through audit findings*

What measures does the county have in place to validate that the Medicaid program's objectives are being met?



Objective and Risks

Objective

- Determine Medicaid eligibility and provide benefits to eligible North Carolina residents and to ensure ineligible individuals are not receiving benefits
- Meet or exceed the mandated eligibility accuracy rate of 96.8%

Risk

- Defined as uncertainty (something) that affects the above objective results



IDENTIFY

PRIORITIZE

MANAGE



Objective and Risks (Cont.) Strategies

Detect

- 2nd Party Review Tool (DMA-7078) is designed to identify determination and/or processing errors after they have occurred
(Desk Review – action has already been processed)

Correct

- Correct the error
- Train on policy for the identified error
- Provide follow-up on transfer of learning
 - Important: How effective was the training?

Prevent

- Implement controls that are put in place to avert errors from recurring

DETECT

Quality Assurance

- 2nd Party Reviews
- Peer to Peer Reviews
- Targeted Reviews

CORRECT

Training & Development

- Learning Gateway
- Internal Training
- Effective New Hire Training & Mentorship
- Training Follow-Up
- Division Newsletter

Internal Control Guidance: **Detect, Correct & Prevent**

PREVENT

Workflow Procedures

- Internal Checklists
- Calendar of Deadlines
- Working Documents
- Standards for Uploading Documents

OUTCOME

Favorable Results

- Improvement in Quality & Quantity
- Equitable Distribution of Work Program & Individual Accountability
- Employee Engagement/Feedback

Processes to Mitigate Risks

Develop written policies and procedures

Document expectations and practices

- Provide direction
- Serve as a source of reference
- Provide a source of continuity and a basis for uniformity

Provide adequate training to staff

- Provide training tools for new employees

Processes to Mitigate Risks (Cont.)

Assign a 2nd party reviewer who is experienced & knowledgeable

- Perform another level of review and approval by an individual independent of the process
- Provides an effective control to identify and correct errors on a timely basis
- Conduct 2nd party reviews regularly

Processes to Mitigate Risks (Cont.)

Perform a self-evaluation on internal controls in place

- Identify possible deficiencies before they arise
- Perform Walk-Throughs
- Determine whether controls have been designed effectively
- Identify points (gaps) in the organizational process

Reference Tools & Resources

Second Party Review Worksheet

- DMA-7078

DHB Tracking Spreadsheet

- Tracks quarterly findings

Minimum Quarterly Sample Size

- Based on individual county's Medicaid population

Training Resources

- NC FAST Learning Gateway webinars
- NC FAST Help Job Aids

Second Party Review Worksheet

Second Party Review worksheet (DMA-7078) is provided as a checklist during case review:

- DMA-7078 revised
 - LISTSERVE MESSAGE, October 8, 2020
 - NCF-20020
 - DMA-5097 (12 & 30 days)
- Effective for SFY 2021
- Located on the DHB website “County Forms and Guides”

Second Party Review Worksheet

Caseworker Name		Supervisor	Date of Review <small>(mm/dd/yy)</small>	Type	
				<input type="checkbox"/> MAGI	<input type="checkbox"/> TRADITIONAL <input type="checkbox"/> HEALTH CHOICE
App or IA/IS #		Program/Class	Disposition Date	CH/Primary Person	
Certification Period: <small>(mm/dd/yy)</small>			Authorization Period: <small>(mm/dd/yy)</small>		
<input type="checkbox"/> Application	DOA:	<input type="checkbox"/> Denial/Withdrawals	<input type="checkbox"/> Renewals	<input type="checkbox"/> Terminations	
A. AGENCY RECORD:					
1. Case set up with correct IA/IS # (Income application/Income Support)					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
B. DOCUMENTATION:					
1. Appropriate case narrative/notes/documentation in NC Fast					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
C. TIMELINESS:					
1. Case processed within required timeframe					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
D. NOTICES:					
1. Notice sent upon approval					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
2. Notice sent upon denial/termination/withdrawal					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
3. Notice sent timely					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A
4. Notice sent with correct information, details on program, effective date, 10-day and 60-day hearing dates					<input type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> N/A

SFY 2021 Second Party Review Worksheet

- Listserv Message dated October 8, 2020
- Worksheet listed in the forms section of the DHB website
- Effective beginning Q1 reporting (July, Aug, & Sept 2020)

Second Party Review Tracking Spreadsheet

Second Party Tracking Spreadsheet is provided for quarterly submission of the following:

- Number of cases reviewed
- Number of errors identified
- Percentage of errors
- Specific category of error types
- Description of errors identified
- Controls and measures implemented to eliminate recurrence of the errors identified

Second Party Review Tracking Spreadsheet

A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q
COUNTY REPORT	Total Cases		Error Rate	Eligibility Cases in Error						Negative Cases in Error			Check	Cases w/ Internal Control	
July, Aug & Sept 2020	# of Cases Read	# Cases in Error		Not Eligible	Undetermined Eligible	Liab Overstated (PML)	Liab Understated (PML)	Incorrect Deductible	TPL	Improper Denial	Improper Term	Incorrect W/D		Internal Controls	Rate
COUNTY			#DIV/0!										Incomplete		#DIV/0!
	Missing	Missing		Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing		Missing	

SFY 2021 Second Party Review Tracking Spreadsheet

- Listserv Message dated October 8, 2020
- Spreadsheet archived to DHB website
- Effective beginning Q1 reporting (July, Aug, & Sept 2020)

Second Party Review Tracking Spreadsheet (cont.)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q
July, Aug & Sept 2020	# of Cases Read	# Cases in Error	Error Rate	Not Eligible	Undetermined Eligible	Liab Overstated (PML)	Liab Understated (PML)	Incorrect Deductible	TPL	Improper Denial	Improper Term	Incorrect W/D	Check	Internal Controls	Rate
COUNTY			#DIV/0!										Incomplete		#DIV/0!
	Missing	Missing		Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing	Missing		Missing	



Adding County's Name

- Click **INSTRUCTIONS** tab

Second Party Review Tracking Spreadsheet (cont.)

2nd Party Review Minimum Quarterly Sample Size Effective 4/1/2017							
County	Sample Size	County	Sample Size	County	Sample Size	County	Sample Size
Alamance	166	Cumberland	401	Johnston	207	Randolph	163
Alexander	73	Currity	30	Jones	30	Richmond	155
Alleghany	30	Dare	49	Lee	150	Robeson	249
Anson	73	Davidson	168	Lenoir	87	Rockingham	109
Ashe	57	Davie	71	Lincoln	147	Rowan	162
Avery	32	Duplin	76	Macon	73	Rutherford	81
Beaufort	60	Durham	268	Madison	46	Sampson	94
Bertie	58	Edgecombe	97	Martin	64	Scotland	60
Bladen	96	Forsyth	382	McDowell	110	Stanly	125
Brunswick	112	Franklin	136	Mecklenburg	999	Stokes	84
Buncombe	232	Gaston	247	Mitchell	35	Swain	86
Burke	104	Gates	30	Montgomery	74	Surry	43
Cabarrus	180	Graham	30	Moore	74	Transylvania	61
Caldwell	102	Granville	100	Nash	122	Tyrrell	30
Camden	30	Greene	52	New Hanover	173	Union	158
Carteret	60	Guilford	560	Northampton	62	Wake	661
Caswell	56	Halifax	85	Onslow	165	Wayne	166
Catawba	161	Harnett	128	Orange	80	Washington	39
Chatham	97	Haywood	68	Pamlico	30	Watauga	45
Cherokee	70	Henderson	88	Pasquotank	95	Wayne	166
Chowan	35	Hertford	69	Pender	124	Wilkes	77
Clay	30	Hoke	132	Perquimans	30	Wilson	112
Cleveland	138	Hyde	30	Person	88	Yadkin	76
Columbus	88	Iredell	141	Pitt	188	Yancey	40
Craven	98	Jackson	76	Polk	33		

Minimum Case Requirement per Quarter

- Click **Minimum Quarterly Sample Size** tab
- Locate the county's name and sample size

Second Party Review Tracking Spreadsheet (cont.)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	P	Q
July, Aug & Sept 2020	# of Cases Read	# Cases in Error	Error Rate	Not Eligible	Undetermined Eligible	Liab Overstated (PML)	Liab Understated (PML)	Incorrect Deductible	TPL	Improper Denial	Improper Term	Incorrect W/...	Check	Internal Controls	Rate
Wake	730	9	1.2%	0	4	0	0	1	1	1	2	0	Complete	48	6.6%
	Done	Done		Done	Done	Done	Done	Done	Done	Done	Done	Done		Done	



Cases Read & Errors Identified

- Click appropriate **Quarter** tab
- Enter # of cases read
- Enter # of cases with eligibility errors
- Identify types of eligibility errors
- Enter # of cases with internal controls

Second Party Review Tracking Spreadsheet (cont.)

S	T
Errors Identified	Corrective Action Plan (CAP) for Errors Identified
<p>Below, please list each error identified</p>	<p>Below, please describe the CAP instituted for all errors identified Please attach training agendas and sign in sheets when submitting the County's reporting Please do not submit any DMA 7078s</p>
<p>AVS not completed, earned income not included in budget, MAGI household composition (family size) incorrect, first moment's balance not verified, failed to evaluate for all programs, 2nd dma-5097 not sent, timely dss-8110 not sent, incorrect information on 5002/5003/5097/8110, resources not entered/updated into evidence, V-D referral not keyed, incorrect base period used in budget, income used not reasonably compatible, authorized representative not entered in NCF, self-attestation not accepted (admin letter 06-20), benefit history incorrect due to failure to evaluate hold decision, & incorrect household relationship</p>	<p>Refresher trainings facilitated to applicable staff on errors identified throughout quarter. Supervisors/lead workers addressed errors identified at monthly team meetings. Quality Assurance staff provided article "Assurance Blast" in quarterly newsletter with important reminders. Training agendas, unit meetings agendas, and sign in sheets attached.</p>
<p>Done</p>	<p>Done</p>
	
<p>SFY 2021 Q1 SFY 2021 Q2 SFY 2021 Q3 SFY 2021 Q4 Instructions Minimum Quarterly Sam ...</p>	

Description of Errors & Corrective Actions Implemented

- Provide a brief description of all errors identified (EE & IC)
- Describe actions taken to eliminate errors from reoccurring

Training Resources

NC FAST Learning Gateway

- Formal Medicaid/NCHC Medicaid training material
- Use to enhance county training knowledge
- Gateway training should be added to the local agencies' existing training plans for all new and existing staff determining Medicaid/NCHC eligibility
- Additional webinars are being added

NC FAST Help

- Job Aids to assist with application of technology

What Does DHB Do With The Reporting Data?

- Review each county's report for compliancy as outlined in DCDDL, March 30, 2017
- Analyze corrective action measures implemented to ensure measures are sustainable and errors do not persist in future reporting
- Share data with Eligibility Services

Questions

Quick Links

Dear County Director Letters

- https://files.nc.gov/ncdma/documents/files/Dear-County-Letter-04-12-2016_0.pdf
- https://files.nc.gov/ncdma/documents/files/Dear_CountyLetter_2016_11_29_0.pdf
- https://files.nc.gov/ncdma/documents/files/Dear_County_2017_03_30-FINAL_0.pdf
- https://files.nc.gov/ncdma/documents/files/DearCounty_2017_04_19_Update_2.pdf

Second Party Review Tracking Spreadsheet SFY 2021

- <https://medicaid.ncdhhs.gov/counties/nc-medicaid-eligibility-training>

DMA-7078 Second Party Review Worksheet

- <https://policies.ncdhhs.gov/divisional/health-benefits-nc-medicaid/forms>

Future Questions

Please contact:

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County Operations, OCPI