



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE

ROY  
COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

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DEPUTY SECRETARY FOR MEDICAL ASSISTANCE

March 30, 2017

**Re: Medicaid Eligibility Second Party Review Corrective Action Plan**

Dear County Director of Social Services:

The Division of Medical Assistance (DMA) has analyzed the Second Party Review findings from the Corrective Action Plan (CAP) submitted by local departments of social services during the last two SFY 2017 Quarters. Those findings identified five top errors where additional Medicaid policy training will need to be provided to ensure Medicaid/North Carolina Health Choice policy is applied accurately.

1. Incorrect calculation of earned income
2. Incorrect calculation of self-employment income
3. Documenting and providing evidence that supports eligibility or ineligibility of Medicaid/NCHC (on-line verification and documentation)
4. Failure to verify resources
5. Inappropriate notices (timely vs adequate) or no notice provided

The analysis also concurs with the findings noted in the Office of State Auditor Performance Audit, dated January 2017, and the Single Audit Compliance findings for SFY 2015 - 2016. Based on these findings, additional resources and measurement tools are being provided to evaluate and improve accuracy. The tools will provide formal Medicaid/NCHC training, a detailed Second Party Review sheet, required number of cases to review per quarter and a spreadsheet for tracking findings.

The four tools to be implemented effective April 1, 2017 are as follows:

- o Formal Medicaid/NCHC Medicaid training material has been posted in NCFast Learning Gateway. More webinars are being added to the NCFast Learning Gateway and should be used to enhance county training knowledge. This training should be added to the local agencies' existing training plans for all new and existing staff implementing Medicaid/NCHC.
- o A new Second Party Review worksheet, along with recommended program documents, has been designed for use effective April 1, 2017, in completing second party reviews. This review sheet will ensure all Medicaid eligibility areas are identified for consistency among local agencies. Findings from these reviews can be used for policy training each month to reduce/eliminate errors discovered.

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- o A chart titled "2<sup>nd</sup> Party Review Minimum Quarterly Sample Size" is attached. This chart includes the minimum number of cases each agency should review during a quarter. Local agencies may choose to increase that number based on the number of findings/errors cited. The review sample should include the following types of cases:
  - o Applications (approvals, withdraws or denials) for Medicaid/NCHC to include:
    - MAGI, Non-MAGI Family and Children and/or Adult
    - Other actions to include:
    - Recertifications
    - Terminations
- o DMA Tracking Spreadsheet is provided for quarterly submission of findings, including:
  - o Number of cases reviewed per program
  - o Number of errors cited
  - o Percentage of errors
  - o Specific category of errors

The Division of Medical Assistance has defined what is considered an error based on Federal regulations for the Medicaid/NCHC program. An error should be reported when:

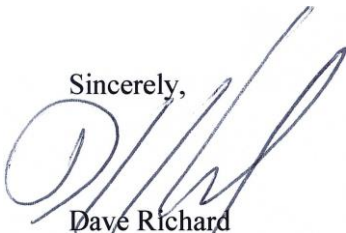
- o Medicaid/NCHC individual authorized for benefits/programs who is ineligible, or determined eligible for benefits in incorrect program.
- o Appropriate notices not given/sent to an applicant/beneficiary regarding approval, denial or termination, including rights to appeal.
- o No documentation obtained to verify eligibility, when required.

Counties must take appropriate corrective action after analyzing results of the monitoring, which may include policy and functionality training. Documentation of these actions, such as attendance logs and summary of the training should be submitted with the quarterly report. Please begin using these tools upon receipt of this letter. The next formal reporting quarter will be April - June, 2017.

These tools will aid in providing consistency in reporting and measuring the accuracy of Medicaid eligibility determinations by local agencies. The goal of the CAP mandate is to ensure accurate Medicaid/NCHC benefits are provided to the residents of North Carolina.

If you have any questions regarding this information, please contact your Operational Support Team representative.

Sincerely,



Dave Richard

Attachments (4)

## 2ND PARTY REVIEW WORKSHEET

(Effective 4/1/2017)

Caseworker Name	Supervisor	Date of Review (mm/dd/yy)	Type
			<input type="checkbox"/> MAGI <input type="checkbox"/> TRADITIONAL <input type="checkbox"/> HEALTH CHOICE
ADD or IA/IS #	Program/Class	Disposition Date	CH/Primary Person
Certification Period: (mm/ dd/ yy)		Authorization Period: (mm/ dd/yy )	
<input type="checkbox"/> Application	<input type="checkbox"/> DOA:	<input type="checkbox"/> Denial/Withdrawals	<input type="checkbox"/> Renewals <input type="checkbox"/> Terminations

<b>A. AGENCY RECORD:</b>			
1. Case set up with correct IA/IS# (Income application/Income Support)		Y	N N/A
<b>B. DOCUMENTATION:</b>			
1. Appropriate case narrative/notes/documentation in NCFast		Y	N N/A
<b>C. TIMELINESS:</b>			
1. Case processed within required timeframe)		Y	N N/A
<b>D. NOTICES:</b>			
1. Notice sent upon approval		Y	N N/A
2. Notice sent upon denial/termination/withdrawal		Y	N N/A
3. Notice sent but was not timely		Y	N N/A
4. Notice sent but did not contain correct information		Y	N N/A
<b>E. NON-INCOME ELIGIBILITY:</b>			
1. Correct Date of Birth entered NCFast		Y	N N/A
2. Correct Gender entered into NCFast		Y	N N/A
3. Correct SSN entered into NCFast		Y	N N/A
4. Citizenship/alien status verification provided and verification meets policy requirements		Y	N N/A
5. Failed to assist applicant with obtaining verification of citizenship if needed		Y	N N/A
6. Reasonable opportunity policy applied appropriately (citizenship/alien)		Y	N N/A
7. Identity verified appropriately		Y	N N/A
8. Residency verified appropriately		Y	N N/A
9. Correct household composition		Y	N N/A
10. Managed Care or Exempt Code entered into NCFast appropriately		Y	N N/A
<b>F. INCOME/BUDGETING:</b>			
1. Earned income verified appropriately		Y	N N/A
a. Available electronic verification of income used (if appropriate)		Y	N N/A
b. Wages verified appropriately with employer/source		Y	N N/A
c. Self-employment verified appropriately		Y	N N/A
2. Earned income entered in NCF correctly		Y	N N/A
3. Unearned income verified appropriately		Y	N N/A
a. Available electronic verification of income used (if appropriate)		Y	N N/A
4. Unearned income entered into NCF correctly		Y	N N/A
5. Reasonable compatibility policy appropriately applied		Y	N N/A
6. Income deductions applied appropriately		Y	N N/A
7. Determinations shows correct Income counted		Y	N N/A
8. NCHC fee notice sent prior to authorization (12 calendar)		Y	N N/A
a. Fee paid prior to authorization		Y	N N/A
b. Ineligible for NCHC due to comprehensive health insurance		Y	N N/A
9. HCWD premiums calculated correctly		Y	N N/A
<b>G. DISABILITY:</b>			
1. Disability established		Y	N N/A
a. Applied for Social Security (post eligibility)		Y	N N/A
b. Verified by DDS		Y	N N/A
c. Assessment completed in NCFast		Y	N N/A

<b>H. RESOURCES:</b>			
1.	Register of Deeds/Real Property verified appropriately	Y	N N/A
2.	AVS used appropriately	Y	N N/A
3.	Assets verified appropriate; e.g., life insurance/burial	Y	N N/A
4.	Assets calculated correctly	Y	N N/A
5.	Sanction applied appropriately	Y	N N/A
6.	Estate Recovery verified appropriately	Y	N N/A
<b>I. PROCEDURAL REQUIREMENTS</b>			
1.	Requested necessary information appropriately prior to denial/termination	Y	N N/A
2.	Case placed in correct program and/or classification and benefit history updated	Y	N N/A
3.	Evaluate for all programs	Y	N N/A
	a. Correct income/deductions entered into NCF	Y	N N/A
	b. Medical expenses verified appropriately	Y	N N/A
	c. Medical expenses entered into NCF correctly	Y	N N/A
4.	Evaluate retro coverage (documented)	Y	N N/A
	a. Correct retro income verified	Y	N N/A
5.	Correct authorization date(s)	Y	N N/A
6.	OVS verification completed	Y	N N/A
7.	NCFast eligibility decisions checked	Y	N N/A

<b>J. EXPLANATION OF ERRORS</b>

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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**2<sup>nd</sup> Party Review Eligibility Notices and Forms**

**Application/Recert:**

DMA 4037/5028's/5009 (if applicable) - Disability packet to DDS  
DMA 2046/2043/5055/5202A-Thirdparty insurance verification (if applicable)  
DMA 5001- Use of Social Security Number  
DMA-5094- Rights & Responsibility

DMA 5002/5003 - Medicaid/NCHC approval notices  
DMA 5020A- Notice of case status -sent to hospital (if applicable)

DMA 5036 - Track medical bills if forced eligibility is used  
DMA 5043 - Self-employment form  
DMA 5046/5047/5119/5024 (if applicable)- medical transportation form/assessment/notices

DMA 5097 - Request for information  
DMA 5099 -Stop clock notice for deductible case  
DMA 5098 -Stop clock notice for pending information

DMA 5152/5153 - Residency declaration  
DMA 5200/5201/5008 - Mail-in Application - Verify signature/Name/DOB/Sex/Mailing Address

DMA 5202C - Designation of authorized representative  
DMA 8109/8110 - denial/termination w/proper dates  
DMA 9006 - Managed Care Enrollment  
DSS 3431- Bank verification if AVS does not send back known response  
DSS 5155 - Life Insurance verifications

**LTC:**

Copy of FL2 or verification for Level Of Care  
DMA 5008C - Community Spousal Resource Protection Worksheet  
DMA 5051/5052 - Estate Recovery/all recovery forms  
DMA 5057 - Transfer of asset/sanction  
Spouse reviewed for eligibility@ app/review  
Evaluate for MA PLA prior to placement  
DMA-5016 - if applicable  
PML budget in NCFAST

**CAP:**

FL2/Updated Plan of Care (annual)  
CAP-MR2 w/prior approval on  
CAP indicators identified

**Miscellaneous:**

NC Voter Registration  
NCHC Fee Letter  
Budget calculation shown correctly  
Resources tallied correctly  
Documentation of application/recertification in NC FAST  
Child Support Referral in system  
Date of Application Received/Keyed  
Date Appeal Reversal Received/ Keyed  
Certification of Need for Institutional Care for Individual Under Age 21  
Date(s) of Emergency Services Requested for an Alien

**4/1/2017**

**2nd Party Review Minimum Quarterly Sample Size  
Effective 4/1/2017**

<b>County</b>	<b>Sample Size</b>	<b>County</b>	<b>Sample Size</b>	<b>County</b>	<b>Sample Size</b>	<b>County</b>	<b>Sample Size</b>
Alamance	166	Cumberland	401	Johnston	207	Randolph	163
Alexander	73	Currituck	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	Vance	84
Caswell	56	Halifax	85	Onslow	165	Wake	661
Catawba	161	Harnett	128	Orange	80	Warren	53
Chatham	97	Haywood	68	Pamlico	30	Washington	39
Cherokee	70	Henderson	88	Pasquotank	95	Watauga	45
Chowan	35	Hertford	69	Pender	124	Wayne	166
Clay	30	Hoke	132	Perquimans	30	Wilkes	77
Cleveland	138	Hyde	30	Person	88	Wilson	112
Columbus	88	Iredell	141	Pitt	188	Yadkin	76
Craven	98	Jackson	76	Polk	33	Yancey	40

# DMA NEMT Tracking Spreadsheet

(Effective 9/2017)

Quarter	County	Number of Cases reviewed	Number of Cases with Errors	Description of Errors	Training/Instructions Provided	DMA Recommendations
						N/A