Dear County Directors of Social Services and County Managers:

Re: Medicaid and North Carolina Health Choice Overpayment Recoupment Plan

The purpose of this letter is to inform county directors of social services and county managers of the amendment in Senate law 2017-57 section 11H.22.f that adds Article 2 of Chapter 108A of the General Statutes regarding recoupment of overpayments from a county responsible for the erroneous issuance of Medicaid and North Carolina Health Choice (NCHC) benefits. The amendment reads:

(a) A county department of social services shall be financially responsible for the erroneous issuance of Medicaid benefits and Medicaid claims payments resulting when the county department of social services takes any action that requires payment of Medicaid claims for an ineligible individual, for ineligible dates, or in an amount that includes a recipient's liability and for which the State cannot claim federal participation.

(b) Notwithstanding subsection (a) of this section, a county department of social services shall not be financially responsible for the erroneous issuance of Medicaid benefits and Medicaid claims payments resulting from a failure or error attributable solely to the State.

(c) The amounts to be charged back to a county department of social services for erroneous payments of claims shall be the State and federal shares of all erroneous payments, not to exceed the lesser of the amount of actual error or claims payment.

Division of Medical Assistance (DMA) will begin the recoupment process for Medicaid and NCHC overpayments identified during SFY 2017 audits. Erroneous issuance discovered during the following audits: Single Audit Compliance; Payment Error Rate Measurement (PERM); Medicaid Eligibility Quality Control (MEQC); and any other state/federal audit. The Division will also recoup from the county any amounts paid by the "beneficiary" relating to deductibles, co-pay, co-insurance, premiums, and PML as a result of the erroneous eligibility and/or incorrect calculation of the PML.
The following procedures are set up with the Division of Medical Assistance (DMA), Office of Compliance & Program Integrity, Office of Controller (OOC), DMA Finance, Third Party Recovery (TPI) and county department of social services (DSS).

- The Office of Compliance & Program Integrity (OCPI), through the Office of Controller Office (OOC) Accounts Receivable (AR) Section will issue a notice of recoupment letter to each impacted county department of social services (DSS) for the full erroneous payment amount. The notice of recoupment letter will include email address and phone number for the DSS Director or DSS Finance Officer.

- The OOC will generate an invoice to include the division's EIN number, the company code, account and center information for each county, using the Miscellaneous Billing process.

- The OOC will either email or mail the invoice and the notice of recoupment letter to the county based on the information provided by Office of Compliance & Program Integrity.

- Funds should be received at OOC office within 60 days from notification. The OOC will reimburse the "beneficiary" their out of pocket expenditures.

- A copy of the invoice and backup information will be sent to Eligibility Services for their records.

- The OOC AR section will monitor and execute against the ACA requirement to refund the Federal share by one year from discovery of the erroneous payment.

- The DMA TPI team will ensure claims history is updated to show recovery of the erroneous payments and ensure no future re-processing would be allowed.

As a reminder, county staff should continue to work closely with auditors to rebut Medicaid errors prior to auditors exit interviews with county managers; conduct policy training on identified errors for future error prevention and send in recoupment payments within 60 days of receipt of letter and invoice.

If you have any questions, please contact Karen Taylor with the Office of Compliance & Program Integrity Division at (919) 814-0152.

Sincerely,

Dave Richard

Wayne Black