NC Department of Health and Human Services
NC Medicaid

Recipient Eligibility Determination Audit (REDA)

Office of Compliance and Program Integrity

February 2021
Vision

• Ensure benefits are provided only to those individuals eligible for Medicaid and NC Health Choice benefits

• Identify and eliminate ineligible individuals from receiving Medicaid and NC Health Choice benefits
Recipient
Eligibility
Determination
Audit

Background - Session Law 2017-57
Medicaid Accuracy Standards
Strategic Planning
County Audit Process
Auditors and Audit Preparation
Case Findings
Rebuttal Process
Corrections Process
Reporting Process
Recoupment Methodology
Joint Accuracy Improvement Plan
Responsibilities & Review Process
Internal Controls
Background Performance Audit 2017

• Office of the State Auditor (OSA) conducted a Medicaid eligibility determination in 10 selected counties

• Report noted eligibility determinations were not consistently performed and error rates were significant in some counties

• Findings enacted NC Session Law 2017-57 Section 11H.22., Audit of County Medicaid Determinations:
  • Develop accuracy and quality assurance standards
  • Develop an audit plan to review and evaluate the counties' performance in relation to the standards
# Session Law 2017-57 Components

<table>
<thead>
<tr>
<th>Session Law 2017-57</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>§ 108A-70.46</td>
<td>Audit of County Medicaid Determinations</td>
</tr>
<tr>
<td>§ 108A-70.47</td>
<td>Medicaid Eligibility Determination Processing Accuracy Standards</td>
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<tr>
<td>§ 108A-70.48</td>
<td>Quality Assurance</td>
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<td>§ 108A-70.49</td>
<td>Corrective Action</td>
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<tr>
<td>§ 108A-70.50</td>
<td>Temporary Assumption of Medicaid Eligibility Administration</td>
</tr>
<tr>
<td>§ 108A-70.51</td>
<td>Reporting</td>
</tr>
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</table>
Medicaid Accuracy Standards

- Eligible applicants are approved 96.8% of the time
- Eligible applicants are not denied, withdrawn or terminated 96.8% of the time
- The eligibility determination process is free of technical errors, that do not change the outcome of the eligibility determination, 90% of the time
Accuracy Rate Approach

• Number of cases cited in error divided by the number of cases reviewed (per accuracy standard)

• Monthly stats provided to allow county to conduct policy training for improvement over the annual audit reporting cycle

• Annual accuracy rate provided at the completion of the REDA audit
Strategic Plan Development

• Developed and tested audit workbook and reporting process

• Results shared with Eligibility Services (ES) and Operational Support Team (OST) for input

• OCPI/QA conducted a Quality Assurance Training for County DSS staff (August 2018), with a refresher training recently conducted in December 2020

• Collaborations:
  - County DSS Director’s Association
  - Economics Program Committee
  - NC FAST (access, training and document management)
  - Operational Support Team
  - Eligibility Services
QUESTIONS
County Audit Process

Sample Methodology Options Considered:
1. Pull one sample annually for accuracy rate percentage
2. Pull quarterly sample for accuracy rate percentage
3. Pull monthly sample for accuracy rate percentage

Option 3 selected
Monthly sample will provide the County DSS proactive opportunity to improve their annual accuracy rate
County Audit Process – Cont’d

• NC FAST generates a random sample of cases monthly

• Twenty cases per month (10 active & 10 negative), over the 10-month audit, consisting of:
  • Combination MAGI/Non-MAGI
  • Application Approvals
  • Denials/Withdrawals
  • Redeterminations
  • Terminations
County Audit Process – Cont’d

• List of cases will be provided to County DSS Director and identified staff

• Upon receiving the list of cases, Counties have 5 workdays to upload to NC FAST all verification and/or documentation used in the eligibility determination process

IMPORTANT:
Counties must ensure ALL verification and/or documentation is uploaded to NC FAST within the initial 5-workday time period
County Audit Process – Cont’d

• The County DSS should not take any action, on cases selected for the audit, until the DMA-7002CA is provided with audit findings.

• Reporting Process for Errors Cited
  • Counties will be given 5 workdays to refute error findings.
  • State will make final decision on error findings cited.
  • Counties will have 20 calendar days to provide verification of case correction.
County Audit Process – Cont’d

A total of 200 cases for each County DSS
20,000 cases reviewed over 3-year audit plan

<table>
<thead>
<tr>
<th>Cycle 1</th>
<th>Cycle 2</th>
<th>Cycle 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calendar Year 2019</td>
<td>Calendar Year 2020</td>
<td>Calendar Year 2021</td>
</tr>
<tr>
<td>30 Counties</td>
<td>35 Counties</td>
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County Prioritization Criteria
Prior Single Audit Compliance results SFYs 2016 & 2017
## County Cycle Assignment

### CYCLE 1

2019 Calendar Year

<table>
<thead>
<tr>
<th>Alamance</th>
<th>Caldwell</th>
<th>Catawba</th>
<th>Chatham</th>
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<tbody>
<tr>
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<td>Tyrrell</td>
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<tr>
<td>Union</td>
<td>Wake</td>
<td>Warren</td>
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## County Cycle Assignment

### CYCLE 2

#### 2020 Calendar Year

<table>
<thead>
<tr>
<th>Alexander</th>
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<th>Ashe</th>
<th>Avery</th>
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<tbody>
<tr>
<td>Bertie</td>
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<td>Buncombe</td>
<td>Burke</td>
<td>Cabarrus</td>
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<td>Cherokee</td>
<td>Cumberland</td>
<td>Currituck</td>
<td>Dare</td>
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<td>Davidson</td>
<td>Davie</td>
<td>Halifax</td>
<td>Hoke</td>
<td>Lenoir</td>
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<tr>
<td>McDowell</td>
<td>Moore</td>
<td>Nash</td>
<td>Pasquotank</td>
<td>Perquimans</td>
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<td>Person</td>
<td>Polk</td>
<td>Rutherford</td>
<td>Sampson</td>
<td>Scotland</td>
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<tr>
<td>Transylvania</td>
<td>Vance</td>
<td>Washington</td>
<td>Watauga</td>
<td>Wilson</td>
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</table>
## County Cycle Assignment

### CYCLE 3

#### 2021 Calendar Year

<table>
<thead>
<tr>
<th>County</th>
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<th>County</th>
<th>County</th>
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<tbody>
<tr>
<td>Beaufort</td>
<td>Brunswick</td>
<td>Camden</td>
<td>Carteret</td>
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<td>Clay</td>
<td>Cleveland</td>
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<td>Graham</td>
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<td>Hyde</td>
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<td>Jones</td>
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<td>Montgomery</td>
<td>New Hanover</td>
<td>Northampton</td>
<td>Onslow</td>
<td>Orange</td>
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<tr>
<td>Pamlico</td>
<td>Pender</td>
<td>Pitt</td>
<td>Richmond</td>
<td>Robeson</td>
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<tr>
<td>Stanly</td>
<td>Stokes</td>
<td>Surry</td>
<td>Wayne</td>
<td>Yadkin</td>
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</table>
QUESTIONS
Auditors and Audit Preparation

• Auditors
  • OCPI’s Quality Assurance Analysts (QAA)
  • Auditors consisting of temporary staff who are retired and former employees of The State of NC and County DSS

• All QAA and auditors have access to NC FAST and various other eligibility systems

• All QAA and auditors possess an extensive knowledge of NC FAST, Medicaid policy & Eligibility monitoring
Auditors and Audit Preparation – Cont’d

Audit Tools

• Reporting documents prepared by auditors
  • DMA-7002CA (Case Findings Report)
  • DMA-7001CA (County Department Error Response)
  • DMA-7005CA (Case Correction Verification)

• During the audit process, OCPI/QA staff conducts monthly random quality checks on the auditor’s accuracy
Case Findings
Correct Case

- DMA-7002CA Case Findings Report
  - Auditor sends DMA-7002CA to County DSS, OCPI/QA Staff and OST
  - No further action required on the case
Case Findings
Error Case

- DMA-7002CA Case Findings Report, DMA-7001CA
  County Department Error Response & DMA-7005CA
  Case Correction Verification

  - Auditor sends DMA-7002CA, DMA-7001CA & DMA-7005CA
    to County DSS, OCPI/QA Staff and OST

  - County DSS has 5 workdays to respond to the auditor
    with a concurrence or rebuttal using the DMA-7001CA
Case Findings Reporting Documents Reminders

• Reporting documents will be provided, through secure/encrypted email, to designated County Staff for each case audited
  - DMA-7002CA for each Correct Case
  - DMA-7002CA, DMA-7001CA, and DMA-7005CA for each case cited in error
• The County should ensure that all reporting documents are maintained for future reference
• Once the DMA-7002CA Case Findings Report has been provided by the auditor, the County should immediately initiate corrections for cases cited in error
• The County should ensure case corrections are complete, adequate, and timely
Rebuttal Process
Rebuttal Not Requested

• County DSS returns DMA-7001CA within 5 workdays to concur with the error finding
  • The County DSS immediately initiates case corrections
  • The County DSS has 20 calendar days or less to provide verification of case correction to the auditor

NOTE: Delays in making case corrections may result in a possible increase of county responsible overpayment amounts. Immediate action is crucial in reducing additional months of ineligibility and/or erroneous claims/overpayments for cases where eligibility was incorrectly determined.
Rebuttal Process
Rebuttal Requested – Error Stands

- County DSS returns DMA-7001CA to the Auditor within 5 workdays to refute the error finding
- Auditor sends the DMA-7001CA rebuttal request to the QA Manager/Lead Analyst to review and render a final decision
- If the error finding stands, the DMA-7001CA is updated by the QA Manager/Lead Analyst and returned to the auditor
- Auditor sends the DMA-7001CA rebuttal response & original DMA-7005CA to the County DSS, OCPI/QA Staff, and OST
- The County has 20 calendar days or less to provide verification of case correction to the auditor

**NOTE:** Delays in making case corrections may result in a possible increase of county responsible overpayment amounts. Immediate action is crucial in reducing additional months of ineligibility and/or erroneous claims/overpayments for cases where eligibility was incorrectly determined.
Rebuttal Process
Rebuttal Requested – Error Overturned

• County DSS returns DMA-7001CA within 5 workdays to refute the error finding

• Auditor sends the DMA-7001CA rebuttal request to the QA Manager/Lead Analyst to review and render a final decision

• If the error finding is overturned, the DMA-7001CA is updated by the QA Manager/Lead Analyst and returned to the auditor

• Auditor sends a revised DMA-7002CA with the DMA-7001CA rebuttal response to the County DSS, OCPI/QA Staff, and OST
Corrections Process

• The County DSS should not take any action, on cases selected for the audit, until the DMA-7002CA is provided with audit findings – Per CMS directive, no actions should be taken on cases selected for testing prior to case review

• Upon notification of audit findings on the DMA-7002CA, the County should immediately initiate case corrections for error(s) cited

• If the County submits an error rebuttal request, the County should immediately initiate case corrections for any other error(s) cited on the case

• Counties are allowed no more than 20 calendar days, from the date of the initial DMA-7002CA Case Findings Report, to submit the DMA-7005CA Case Correction Verification to the auditor

• Delays in completing case corrections may result in an increase of county responsible overpayments
Corrections Process – Cont’d
Case Correction Example (Not Under PHE)

Active Case audited in a previous Cycle – Sample Month 4/2019 audited in 5/2019

- Auditor finds a/b is totally ineligible for all programs
- DMA-7002CA, DMA-7001CA & DMA-7005CA are emailed to the County on 5/13/2019
- County did not initiate corrections immediately and started correction process on 5/31/2019 (within 20 calendar days)
- County proposed termination of MAF/C effective 6/30/2019
- If County initiated corrections immediately on 5/13/2019, erroneous MAF/C benefits could have terminated effective 5/31/2019, rather than 6/30/2019

<table>
<thead>
<tr>
<th>Month</th>
<th>Applicant/Beneficiary</th>
<th>MID</th>
<th>County</th>
<th>County Action &amp; Date of Action</th>
<th>Approved Program</th>
<th>Date Findings Sent to County DSS</th>
<th>Ineligible Period Start Date (DOS Start Date)</th>
<th>Ineligible Period End Date (DOS End Date)</th>
<th>Recoupment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/19</td>
<td>John Doe</td>
<td>000000000R</td>
<td>County</td>
<td>Ongoing Approval 04/23/19</td>
<td>MAF/C (ineligible)</td>
<td>05/13/19</td>
<td>04/01/19</td>
<td>06/30/19</td>
<td>$1,522.13</td>
</tr>
</tbody>
</table>

If corrections had been initiated immediately on 05/13/19 with case terminated effective 05/31/19, overpayment considerations & computation would have been as follows:

<table>
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<td>04/01/19</td>
<td>05/31/19</td>
<td>$75.03</td>
</tr>
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County Overpayment Amount would have been $75.03, rather than $1,522.13, had the erroneous eligibility been immediately addressed & corrected, with benefits terminating effective 05/31/19. The additional month of ineligibility allowed for a medical claim on 06/02/19, adding an additional $1,447.10 to the County's Overpayment Amount.
Reporting Process

• Auditor will provide monthly status on the County’s accuracy and quality standards

• Auditors will conduct monthly consultation calls to discuss accuracy standards – Counties may opt to attend consultation calls on a quarterly basis

• At the completion of each quarter, the County will be provided their quarterly accuracy rate

• At the completion of the 10-month audit process, the county will be provided their annual accuracy rate

• The Department will submit an annual report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice detailing the county’s performance under the Audit of County Medicaid Determinations
QUESTIONS
The state will conduct a review of state expenditures paid for the month of initial determined eligibility through the month of case correction/termination to calculate the overpayment.
County Overpayment Calculation – Cont’d

Application Example (Not Under PHE)

When Sample Month falls within the certification period for the action under review

• 1/7/2019 application date

• Approved on 2/21/2019 for an Authorization Period of 1/1/2019 - 12/31/2019

• Case is pulled in 3/2019 for sample month 2/2019, beneficiary determined not eligible

• Payment Review Month starts with 1/2019 (month of application)

• All state expenditures pulled for Dates of Service from 1/2019 through the month of case correction are subject to county overpayment recoupment
Redetermination Example (Not Under PHE)

When Sample Month does not fall within the certification period for the action under review – future eligibility being determined

- 2/21/2019 for an ex parte redetermination
- Case is pulled in 3/2019 for sample month 2/2019, beneficiary not eligible for new authorization period
- Payment Review Month starts with 4/2019 (month of new authorization)
- All state expenditures pulled for Dates of Service from 4/2019 through the month of case correction are subject to county overpayment recoupment
The state will conduct a review of state expenditures paid for the month of initial determined eligibility through the month of audit review.
County Overpayment Calculation – Cont’d

Application Example (Under PHE)

When Sample Month falls within the certification period for the action under review

- 2/8/2021 application date
- Approved on 3/15/2021 for an Authorization Period of 2/1/2021 - 1/31/2022
- Case is pulled in 4/2021 for sample month 3/2021, beneficiary determined not eligible
- Payment Review Month starts with 2/2021 (month of application)
- All state expenditures pulled for Dates of Service from 2/2021 through 4/2021 (audit review month) are subject to county overpayment recoupment
QUESTIONS
Joint Accuracy Improvement Plan (AIP)

• If a County DSS annual audit results do not meet the accuracy standards, an AIP will be implemented

• Key Stakeholders for developing the AIP
  • County DSS (Director and Identified Staff)
  • NC Medicaid Office of Compliance & Program Integrity
  • NC Medicaid Operational Support Team
  • NC Medicaid Eligibility Services
Responsibilities & Review Process
Quality Assurance Team

• Conduct Medicaid eligibility determination reviews, in accordance with SL 2017-57 guidelines

• Communicate with the County DSS liaison identified by the county

• Provide monthly audit findings to the County DSS

• Share all audit communications with County DSS, OCPI/QA Staff & OST within required timeframes
Responsibilities & Review Process

Quality Assurance Team – Cont’d

- QA Manager/Lead Analyst review rebuttal requests
- Report findings to OST/ES
- Joint State/Local Agency Accuracy Improvement Plan (QA, OST, ES, and County DSS)
- Conduct a monthly review of auditor’s accuracy and adherence to audit processes
Responsibilities & Review Process
County DSS

• Identify a county liaison for audit questions and resolutions

• Ensure all case documentation and verification is available in NC FAST (within initial 5 workday time period)

• Make case corrections, as stipulated in the audit finding results documents (DMA-7001CA, DMA-7002CA & DMA-7005CA), within 20 calendar days or less

• Take proactive measures to improve annual accuracy rate
QUESTIONS
Internal Controls
Why are Internal Controls Important?

- Achieves Effective & Efficient Operations
- Minimizes & Controls Risks
- Identifies Defects
- Safeguards Assets
- Promotes Accountability
- Urges Adherence to Policy & Procedures
Internal Control Design Purpose

DETECTIVE

CORRECTIVE

PREVENTIVE
DETECT
Quality Assurance
  2nd Party Reviews
  Targeted Reviews
  Peer-to-Peer Reviews

CORRECT
Training & Development
  Learning Gateway
  Internal Training
  Effective New Hire Training
  Mentorship
  Division Newsletter

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

Internal Control Guidance
Detect, Correct & Prevent
REDA
Cycle 1 Error Trends

Electronic Verification
MAGI Household Composition
Notices

Income Budgeting
Timeliness
Data Entry (NC FAST Job Aids)

** Follow-Up to Case Corrections **
REDA
Cycle 2 Error Trends

- **Income** (Actives/Negatives)
- **Resources**
- **Long Term Care** (PML & Resources)
- **Failure to Evaluate for All Programs** (Actives/Negatives)
- **Improper Denials** (Improper/Inadequate Requests for Info)
- **NCF-20020**

**Follow-Up to Case Corrections**
Best Practices

- Section Meetings with Policy Training
- Flash Cards on Error Prone Areas
- Silo Work Groups
- Learning Gateway Policy Training
- Peer-to-Peer Reviews
- Prepare Questions prior to OST Visits
QUESTIONS
COMING SOON

Today’s Webinar, “REDA Recipient Eligibility Determination Audit (County Audit Plan) Processes and Standards (Feb. 2021),” will be posted to the NC Medicaid Division of Health Benefits website at the following link:

https://medicaid.ncdhhs.gov/counties/nc-medicaid-eligibility-training
Resource Links to Reference

Session Law 2017-57, Section 11H.22.(e):
SL 2017-57, Section 11H.22.(e) - Report on Support Improvement in the Accuracy of Medicaid Eligibility Determinations Audit of County Medicaid Determinations

Dear County Director Letter (DCDL), January 23, 2019:
Audit of County Medicaid Eligibility Determinations
https://medicaid.ncdhhs.gov/director-social-services-letters

Report to the Joint Legislative Oversight Committee:
2019 Recipient Eligibility Determinations Audit

REDA Webinar:
REDA Recipient Eligibility Determination Audit (County Audit) Webinar
https://medicaid.ncdhhs.gov/counties/nc-medicaid-eligibility-training
Future Questions

Do Not Hesitate to Reach Out

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