



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Benefits

JOSH STEIN • Governor

DEVPUTTA SANGVAI • Secretary

JAY LUDLAM • Deputy Secretary, NC Medicaid

January 5, 2026

Re: Medicaid Eligibility Quality Control Review for CY 2026

Dear County Directors of Social Services:

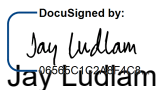
The purpose of this letter is to inform county departments of social services of the Medicaid Eligibility Quality Control (MEQC) review and the Office of Compliance and Program Integrity's (OCPI) approach for the MEQC review in CY 2026. The MEQC program provides states a unique opportunity to improve the quality and accuracy of their Medicaid eligibility determinations. This review complements the Payment Error Rate Measurement (PERM) review and is focused on how states determine members' eligibility or ineligibility for services covered under Medicaid. The MEQC review is designed to reduce erroneous expenditures by reviewing eligibility determinations for compliance with federal and state guidelines. It is likewise designed to measure states' ability to make accurate and timely eligibility determinations ensuring Medicaid and Children's Health Insurance Program (CHIP) services are appropriately provided to eligible individuals.

On October 21, 2025, DHB/OCPI submitted NC's MEQC Pilot Planning Document to CMS. Within NC's Pilot Planning Document, OCPI again requested approval to utilize test cases from NC's current legislated audit (Session Law 2017-57) which mandates the Recipient Eligibility Determinations Audit (REDA). OCPI's goal was to consolidate the REDA and MEQC reviews to eliminate audit redundancy and undue hardship on county DSS agencies by utilizing existing audit efforts to satisfy MEQC requirements. On December 11, 2025, CMS approved NC's Pilot Planning Document and OCPI's request to utilize the State's existing Member Compliance staff executing the REDA audit to satisfy the MEQC review.

In order to meet MEQC requirements for a satisfactory sample selection, the CY 2026 REDA audit workplan will include two additional sample months (January and December 2026); however, REDA accuracy rates for CY 2026 will not include the testing results from the two additional months to maintain consistency with non-MEQC REDA reporting years. For the two additional sample months of January and December 2026, OCPI will review eligibility determination actions with a focus on the MEQC objective of whether established processes were followed. In doing so, county DSS agencies will only be contacted regarding these sampled cases if additional information is required to conduct the audit and the information is not readily available within the NCFast eligibility system. As is customary in the REDA process, counties will also be afforded an opportunity to rebut errors cited for January and December 2026 sample months, if applicable.

If you have any questions regarding this letter or the MEQC audit, please contact Member Compliance Associate Director, Renee Jones, at renee.jones@dhhs.nc.gov and Compliance Manager, Odessia Houston, at odessia.houston@dhhs.nc.gov.

Sincerely,

DocuSigned by:

Jay Ludlam

Deputy Secretary, NC Medicaid

NC MEDICAID

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