



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

JOSH STEIN • Governor

DEVPUTTA SANGVAI • Secretary

JAY LUDLAM • Deputy Secretary, NC Medicaid

April 23, 2025

Re: Recipient Eligibility Determination Audit (REDA) Round 3

Dear County Director of Social Services:

The purpose of this letter is to provide an update to the County Directors of Social Services regarding Round 3 of the Recipient Eligibility Determination Audit (REDA) for all 100 counties (Cycles 1-3). The REDA audit will continue to review approvals of applications and redeterminations, along with denials, withdrawals, terminations, and inquiries.

OCPI will follow previously established procedures to audit all 100 counties over a 3-year period, with 30 to 35 counties audited each year. The audit will consist of reviewing 200 randomly selected eligibility determinations per county, per cycle. Twenty cases will be reviewed monthly (10 active and 10 negative actions) to determine the county DSS's compliance with meeting the following accuracy standards:

- Only eligible applicants are approved for Medicaid benefits 96.8% of the time.
- Eligible applicants are not denied/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.

OCPI Member Compliance staff will conduct the audit remotely and access eligibility information in the NC FAST system. As noted in the June 28, 2024, listserv message, counties are required to utilize NC FAST as the primary document management system for Medicaid effective August 1, 2024. Thus, all eligibility documentation and verification should be contained and available in NC FAST allowing for elimination of the documentation/verification upload period prior to OCPI initiating case audit reviews. As each monthly audit is completed, audit results will be provided to the County DSS Director and designated liaisons. Monthly audit results will allow counties to track accuracy rates and error trends, conduct root cause analyses, and implement internal controls to address identified risks resulting in improved performance results during the 10-month audit. As individual case results are provided, counties are also required to take immediate and appropriate action to correct error findings.

The REDA audit falls under Article 2 of Chapter 108A of the General Statutes regarding recoupment of overpayments from the county who is responsible for the erroneous issuance of Medicaid and CHIP benefits. The Office of the Controller (OOC) will initiate the recoupment process for overpayments identified during the audit process. County overpayment procedures are addressed in the Dear County Director Letter dated February 26, 2018.

NC MEDICAID

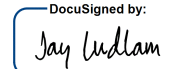
NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH BENEFITS

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In June 2025, OCPI will present a webinar reviewing the Round 3 REDA plan and process. The webinar date, time, and meeting link will be provided to counties through a listserv message. If you have any questions, please contact Emily Clark, Eligibility Audit Manager, at emily.clark@dhhs.nc.gov.

Sincerely,

DocuSigned by:

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Jay Ludlam

Deputy Secretary, NC Medicaid