

NC Department of Health and Human Services
NC Medicaid

Recipient Eligibility Determination Audit (REDA) – Round 2, Cycle 1

Office of Compliance and
Program Integrity

April 2022

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

REDA Status – Round 1 to Round 2

Round 2 Updated Approach

Medicaid Accuracy Standards

Accuracy Rate Approach

Strategic Plan Development

County Audit Process

County Cycle Assignment

Audit Prep & Findings Process

Corrections Process

Reporting Process

Recoupment Methodology

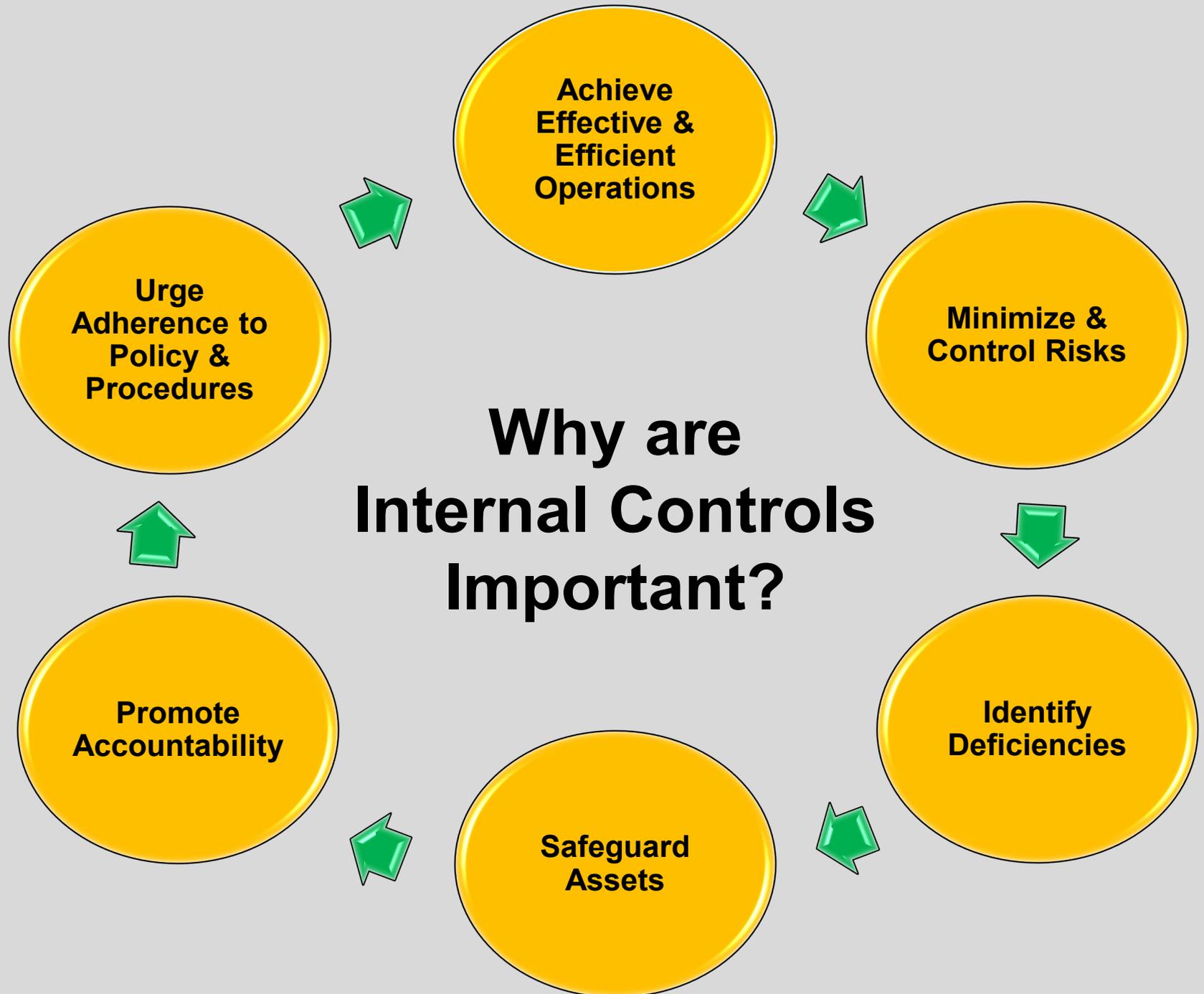
Joint Accuracy Improvement Plan

Responsibilities & Review Process

REDA Status – Round 1 to Round 2

- **Under Round 1, all 100 counties audited for CY 2019 through CY 2021**
- **Accuracy Improvement Plan (AIP) enacted for Cycle 1 counties who did not meet eligibility accuracy standards**
- **Accuracy Improvement Plan (AIP) underway for Cycle 2 counties who did not meet eligibility accuracy standards**
- **Audit for Cycle 3 counties concluded early CY 2022 with final notification of results pending release**
- **Round 2 commences May 2022 to measure the counties' continued performance when determining Medicaid/NCHC eligibility**

Why are Internal Controls Important?



Round 2 Updated Approach

- **Audit Actions may include any combination of the below:**
 - **Application Approvals**
 - **Redetermination Approvals**
 - **Application Denials**
 - **Application Withdrawals**
 - **Case Terminations**
 - **Inquiries**



Starting 05/2022 Sample Month

Round 2 Updated Approach (Cont'd)

- **Sample Month for Audit Actions will be two-months prior to the Review Month**
 - **Allows the County adequate time to provide the agency Reception Log for inquiries completed in the sample month**
 - **Allows QA to initiate audit activities on the first workday of the review month and provide audit findings to the County in an expedited timeframe**
 - **Expedited notification of audit findings allows the County additional time to correct eligibility issues to address erroneous eligibility and/or overpayment potential, if identified**
 - **Allows for internal QA checks-and-balances to ensure audit accuracy and consistency across all counties**

Round 2 Updated Approach (Cont'd)

Due to Round 1 challenges and delays from the COVID-19 Public Health Emergency (PHE), Round 2 Cycle 1 audit activities will be accelerated to ensure timely completion

- **The State has been assigned additional staff to complete the REDA 10-month audit for Cycle 1 counties**
- **Two months of audit reviews will concur simultaneously without disruption to the county**
- **The additional staff (existing QA staff) will use NC FAST to review cases for the 02/2022 Sample Month and only reach out to the County if additional evidence is needed to verify eligibility**
- **This approach will allow for timely completion of the Cycle 1 audit to meet all stipulated requirements while not placing additional burden on the County**

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

- **Enhanced audit workbook and reporting process**
- **OCPI/QA collaboration with all 100 Counties during REDA Round 1 for an improved, streamlined audit process**
- **OCPI/QA presentation ‘Medicaid Eligibility Monitoring’ to County DSS staff (August 2019) at the Social Services Institute in Hickory, NC**
- **Continued 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 under Round 2:

- 1. Continue to pull an NC FAST monthly sample for accuracy rate computation**
- 2. Conduct an audit of randomly selected actions taken 2-months prior to the review month**
- 3. Include County-determined actions for application approvals, recertification approvals, application denials and withdrawals, case terminations, and inquiries**

County Audit Process – Cont'd

- **Inquiry Sample effective 05/2022 Sample Month**
 - **For Counties using the NC FAST Reception Log, NC FAST will generate the monthly sample → No additional action needed**
 - **For Counties using an internal database for inquiry tracking, the County must provide an exported file of the Reception Log to include all inquiries taken each month**
 - **QA Staff will reach out to the County to obtain the exported log prior to initiation of audit activities for each Sample Month***
 - **OCPI/QA will generate a monthly sample of inquiries using the County's exported log**
 - **For Counties that use a manual Reception Log, the County must provide the manual log to include inquiries taken each month**
 - **QA Staff will reach out to the County to obtain the manual log prior to initiation of audit activities for each Sample Month***
 - **OCPI/QA will generate a monthly sample of inquiries using the County's manual log**

***NOTE: To prepare for QA requests for Reception Logs, please have Reception Logs available by the 10th Calendar Day of the following month**

County Audit Process – Cont'd

- List of cases will be provided to the County Liaisons, DSS Director and other identified staff, as directed by the County DSS
- 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

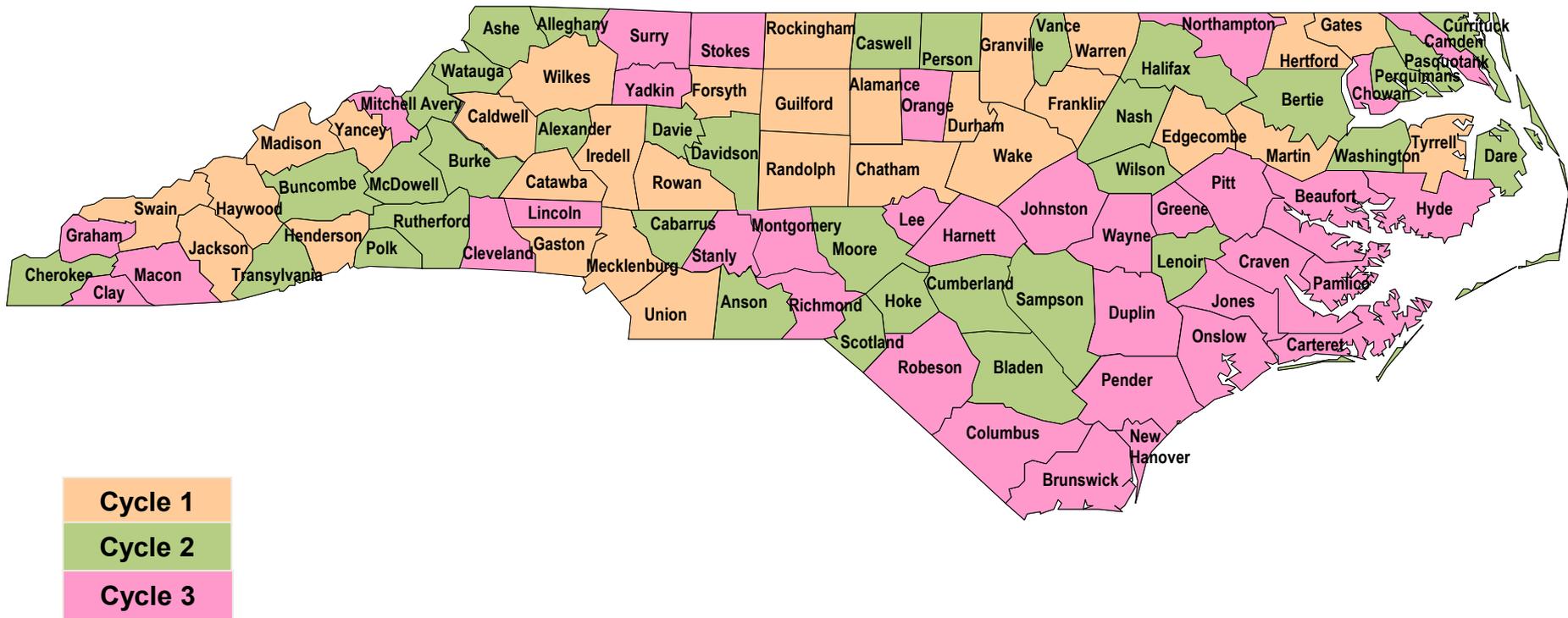
County Audit Process – Cont'd

- **The County DSS should not take any corrective action, on cases selected for the audit, until the DHB-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**



Per directive from Centers for Medicare & Medicaid Services (CMS), no corrective actions should be taken on cases selected for testing prior to case review

County Cycle Assignment



County Cycle Assignment CY 2022

CYCLE 1

Alamance	Caldwell	Catawba	Chatham	Durham
Edgecombe	Forsyth	Franklin	Gaston	Gates
Granville	Guilford	Haywood	Henderson	Hertford
Iredell	Jackson	Madison	Martin	Mecklenburg
Randolph	Rockingham	Rowan	Swain	Tyrrell
Union	Wake	Warren	Wilkes	Yancey

County Cycle Assignment CY 2023

CYCLE 2

Alexander	Alleghany	Anson	Ashe	Avery
Bertie	Bladen	Buncombe	Burke	Cabarrus
Caswell	Cherokee	Cumberland	Currituck	Dare
Davidson	Davie	Halifax	Hoke	Lenoir
McDowell	Moore	Nash	Pasquotank	Perquimans
Person	Polk	Rutherford	Sampson	Scotland
Transylvania	Vance	Washington	Watauga	Wilson

County Cycle Assignment CY 2024

CYCLE 3

Beaufort	Brunswick	Camden	Carteret	Chowan
Clay	Cleveland	Columbus	Craven	Duplin
Graham	Greene	Harnett	Hyde	Johnston
Jones	Lee	Lincoln	Macon	Mitchell
Montgomery	New Hanover	Northampton	Onslow	Orange
Pamlico	Pender	Pitt	Richmond	Robeson
Stanly	Stokes	Surry	Wayne	Yadkin

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**
- **Audit activities will be conducted via review of documentation and verification within NC FAST**
- **Actions will be audited to ensure compliance with Medicaid/NCHC policy in effect at the action date under review, including PHE or other special provisions**

Auditors and Audit Preparation – Cont'd

Audit Tools

- **Reporting documents provided to the County**
 - **DHB-7002CA (Case Findings Report)**
 - **DHB-7001CA (County Error Response)**
 - **DHB-7005CA (Case Correction Verification)**



Case Findings

Correct Case

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



Case Findings

Error Case

- **DHB-7002CA Case Findings Report, DHB-7001CA County Error Response & DHB-7005CA Case Correction Verification**
 - **Auditor sends DHB-7002CA, DHB-7001CA & DHB-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 DHB-7001CA**



Case Findings Reporting Documents Reminders

- **Reporting documents will be provided, through secure/ encrypted email, to County Staff as designated by the County DSS**
 - **The County should ensure all reporting documents are maintained for future reference**
 - **Once the DHB-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**

Corrections Process

- **The County DSS should not take corrective action, on cases selected for the audit, until the DHB-7002CA is provided with audit findings. Per CMS directive, no corrective actions should be taken on cases selected for testing prior to case review**
- **Upon notification of audit findings on the DHB-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 DHB-7002CA Case Findings Report, to submit the DHB-7005CA Case Correction Verification to the auditor**
- **Delays in completing case corrections may result in an increase of county responsible overpayments**

Reporting Process

- **Auditor will provide a monthly Summary of the County's accuracy rates**
- **Auditor will conduct a monthly consultation call to discuss the County's performance**
 - **Counties may opt to attend consultation calls on a quarterly basis; Monthly consultations are recommended**
- **At the completion of each quarter, the County will be provided their updated quarterly accuracy rates**
- **At the completion of the 10-month audit process, the county will be provided their annual accuracy rates**
- **The Department will submit an annual report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice detailing the county's performance**

Recoupment Methodology (Under PHE) County Overpayment Calculation

The state will conduct a review of state expenditures paid for the month of initial determined eligibility through the month of audit review

Recoupment Methodology (Not Under PHE) County Overpayment Calculation

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

QUESTIONS



Joint Accuracy Improvement Plan (AIP)

- **If a County DSS does 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 liaisons 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 two county liaisons for audit questions and resolutions**
- **Ensure all case documentation and verification is available in NC FAST (within the initial 5-workday time period)**
- **Make case corrections, for cases cited in error, within 20 calendar days or less**
- **Take proactive measures to improve annual accuracy rate**
 - **Conduct a Root Cause Analysis to identify the cause of the error**
 - **Immediately initiate training**
 - **Implement internal control activities to mitigate errors**

QUESTIONS



COMING SOON

- **May 2022 – Cycle 1, Round 2 Commences**
- **Today’s Webinar, “REDA Recipient Eligibility Determination Audit (County Audit Plan) Processes and Standards (April 2022),” will be posted to the NC Medicaid Division of Health Benefits website**

Resources for 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), March 31, 2022

Audit of County Medicaid Eligibility Determinations

<https://medicaid.ncdhhs.gov/media/11251/download?attachment>

Cycle 1, Round 2 – REDA Webinar and FAQs

<https://medicaid.ncdhhs.gov/counties/nc-medicaid-eligibility-training>

Alex Sunset Provision: Subchapter 23C – Application for Medicaid Benefits, Section .0100 – Application Process

Future Questions

Do Not Hesitate to Reach Out

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