



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

JOSH STEIN • Governor

DEVPUTTA SANGVAI • Secretary

JAY LUDLAM • Deputy Secretary, NC Medicaid

July 15, 2025

Re: UPDATE – 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). As advised in the Dear County Director Letter (DCDL) dated April 23, 2025, REDA will continue to review approvals of applications and redeterminations, along with denials, withdrawals, terminations, and inquiries; however, this notice provides an update for the audit periods under review. To ensure the Division of Health Benefits, Office of Compliance and Program Integrity (OCPI) operates in accordance with NC Session Law 2017-57, Section 11H.22., the audit must include eligibility determination decisions within a single calendar year (CY). Therefore, the audit for Round 3, Cycles 1-3 will test county-determined eligibility for CYs 2025, 2026, and 2027, respectively.

OCPI will follow the previously established cycle assignment to audit all 100 counties over a 3-year period, with 30 to 35 counties audited each year, and review 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.

Execution of the audit by OCPI Member Compliance staff will remain unchanged with the audit being conducted remotely by accessing eligibility information in the NC FAST system. County DSS Directors and designated liaisons will be provided monthly results as is customary during the REDA process.

As noted in NC Session Law 2017-57, Section 11H.22.(f), REDA 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. County overpayment procedures are addressed in DCDL dated February 26, 2018.

NC MEDICAID

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

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For REDA Cycle 1 counties' reference, a revised REDA presentation has been posted to the [NC Medicaid website](#) to provide an update to the webinar presented and posted in June 2025. Cycle 1 counties should review the updated presentation to prepare for OCPI staff who will be reaching out to Cycle 1 counties the week of July 21, 2025, to initiate CY 2025 audit activities.

If you have any questions regarding this update, please contact Renee Jones, Member Compliance Associate Director, at renee.jones@dhhs.nc.gov and Emily Clark, Eligibility Audit Manager, at emily.clark@dhhs.nc.gov.

Sincerely,

DocuSigned by:


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Melanie Bush

Assistant Secretary, NC Medicaid