

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

<b>"§ 108A-70.46</b>	<b>Audit of County Medicaid Determinations</b>
<b>"§ 108A-70.47</b>	<b>Medicaid Eligibility Determination Processing Accuracy Standards</b>
<b>"§ 108A-70.48</b>	<b>Quality Assurance</b>
<b>"§ 108A-70.49</b>	<b>Corrective Action</b>
<b>"§ 108A-70.50</b>	<b>Temporary Assumption of Medicaid Eligibility Administration</b>
<b>"§ 108A-70.51</b>	<b>Reporting</b>

# 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- **Eligible applicants are not denied, withdrawn or terminated 96.8% of the time**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**



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

- **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

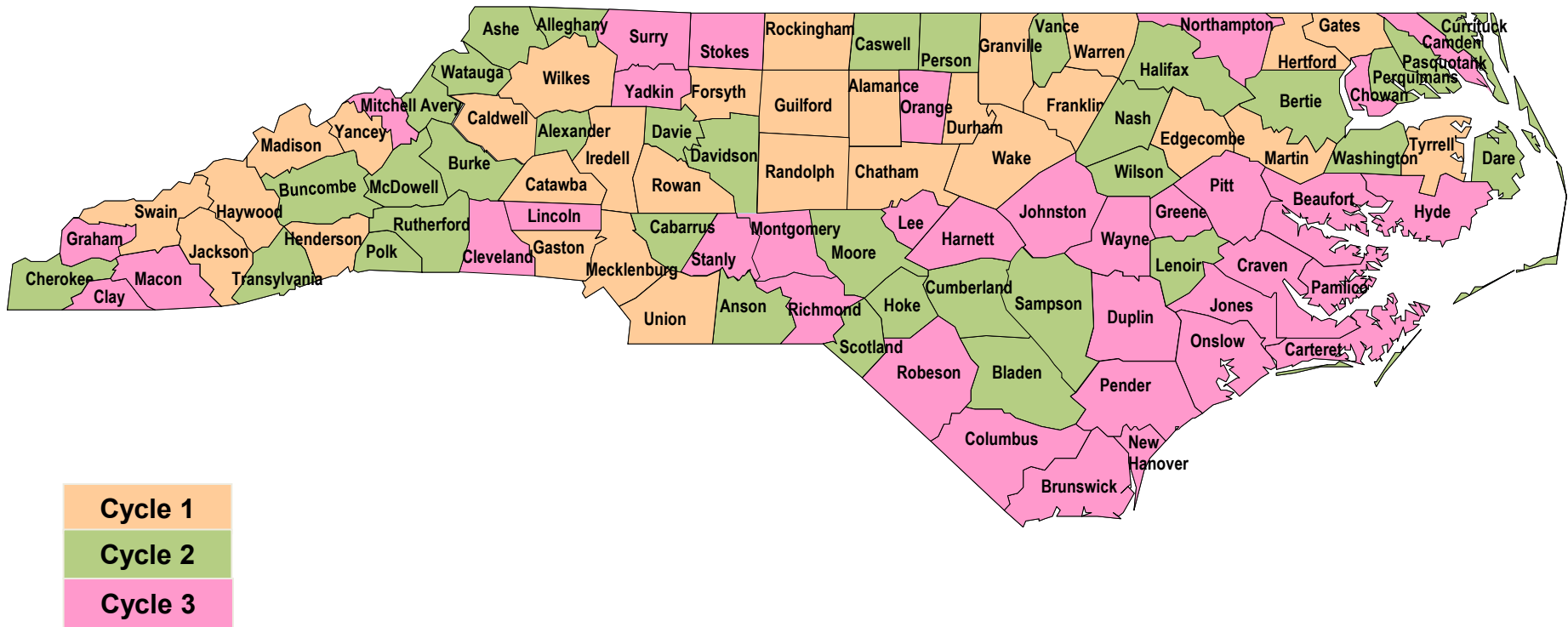
**A total of 200 cases for each County DSS  
20,000 cases reviewed over 3-year audit plan**

<b>Cycle 1</b>	<b>Cycle 2</b>	<b>Cycle 3</b>
<b>Calendar Year 2019</b>	<b>Calendar Year 2020</b>	<b>Calendar Year 2021</b>
<b>30 Counties</b>	<b>35 Counties</b>	<b>35 Counties</b>

## **County Prioritization Criteria**

**Prior Single Audit Compliance results SFYs 2016 & 2017**

# County Cycle Assignment



# County Cycle Assignment

## CYCLE 1 2019 Calendar Year

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

## CYCLE 2

2020 Calendar Year

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

<b>CYCLE 3</b>				
2021 Calendar Year				
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**
- **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

Application Approval on 4/23/2019 → MAF/C effective 4/1/2019 – 3/31/2020

- 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

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

**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:**

04/19	John Doe	000000000R	County	Ongoing Approval 04/23/19	MAF/C (ineligible)	05/13/19	04/01/19	05/31/19	\$75.03
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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



# 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**



# 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**

# County Overpayment Calculation – Cont'd

## 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**
- **Approved on 2/21/2019 for an Authorization Period of 4/1/2019 - 3/31/2020**
- **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**

# 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**

# 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

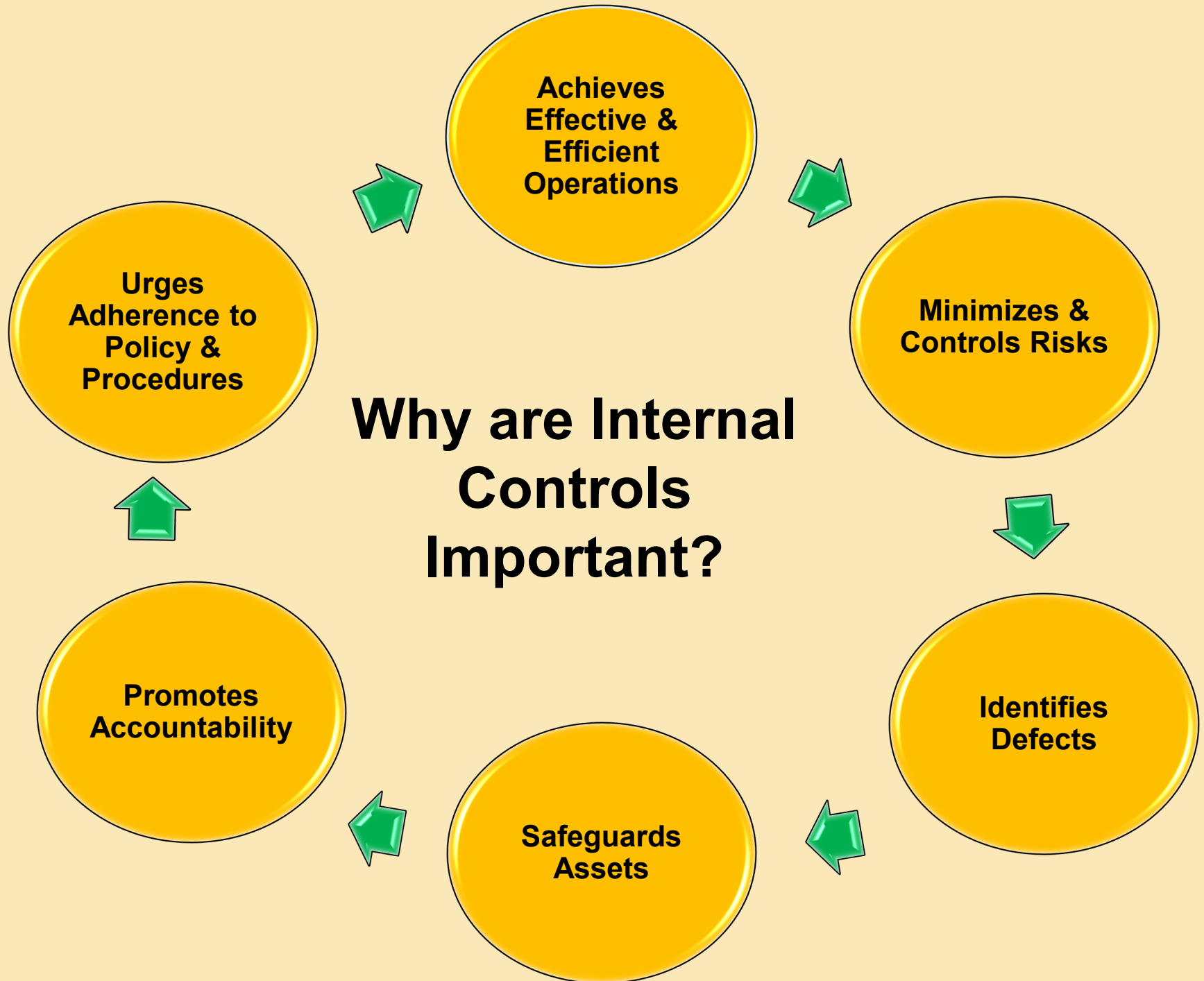
- **Identify a county liaison for audit questions and resolutions**
- **Ensure all case documentation and verification is available in NC FAST (within initial 5 workday time period)**
- **Make case corrections, as stipulated in the audit finding results documents (DMA-7001CA, DMA-7002CA & DMA-7005CA), within 20 calendar days or less**
- **Take proactive measures to improve annual accuracy rate**

# QUESTIONS



# Internal Controls

# Why are Internal Controls Important?



# Internal Control Design Purpose

DETECTIVE

CORRECTIVE

PREVENTIVE

## DETECT

### **Quality Assurance**

- 2<sup>nd</sup> Party Reviews
- Targeted Reviews
- Peer-to-Peer Reviews

## CORRECT

### **Training & Development**

- Learning Gateway
- Internal Training
- Effective New Hire Training
- Mentorship
- Division Newsletter

# **Internal Control Guidance**

## **Detect, Correct & Prevent**

## 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

# 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**

<https://files.nc.gov/ncdhhs/SL-2018-5--Section-11H.5.-c--2019-Recipient-Eligibility-Determinations-Audit--Final-.pdf>

## **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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