

Minutes of the Economic Services Committee Meeting
January 10, 2007

The Economic Services Committee met on Wednesday, January 10, 2007 at the Wake County Human Resources Building. Prior to the Call to Order, Co-Chairs, Ms Alvinia Parker and Ms Betty Dumas-Beasley had asked committee chairs who were present if the State Medicaid Policy staff could present their proposals first since Medicaid was the only program with changes. With their approval Ms Parker called the meeting to order and started the meeting with DMA.

Sandi Morrow, of DMA presented the proposed 2-1-07 Change to Medicaid Policy requiring NC Health Choice children to be linked to the Community Care of NC or Carolina Access. She stated providers would be loaded by 3-25-07 and on the 25th of each month thereafter. Caseworkers would be required to explain the Carolina Access policy at application and review as providers must be a Carolina Access provider to link enrolling children in the program.

Marjorie Morris, Chief of the Medicaid Eligibility Unit presented the Transfer of Assets Policy changes which were noted in draft to include: Sections 2240, 2241, 2242, and 2245, of the Adult Medicaid Manual. Ms Morris told the committee that the policy changes were a result of Federal law under the Deficit Reduction Act (DRA) of 2005. She explained that although there had been county work groups in the past who had worked on the policy, the changes in the law caused changes in the things that had been worked on previously. She stated her department had conference calls with a group of directors or their representatives, to review the policy, involved in the conference calls were: David Smith, Barbara Brooks, Millie Brown, and Pat Helmstetler. Additionally, Ms Morris noted there had been many conference calls and communication with Legal Services and Elder Law Attorneys. She noted that the controversy was due to the restrictions that are included in the policy as a result of the DRA. These restrictions imposed a five year look back period on any transfer of assets instead of a 3-year period. She noted that if the policy became effective March 1, 2007 the look back period would begin March 1, 2007 and sanctions would begin then. If the asset was transferred into an annuity the look-back period would still be 3 to 5 years. Ms Morris also noted the changes made to the annuities policy that would include a provision that the client (if receiving institutional services) would have to make the State the beneficiary of any proceeds. She also pointed out the changes to life estate purchases which would be evaluated for the value received and length of time lived on the property. She stated that the client must have lived on the property for at least 12-months to avoid a sanction. Ms Morris called attention to the new policy that allows the A/R to claim an undue hardship due to the application of the transfer of resource sanction. This process requires the A/R to prove that their life would be in danger if the sanction were imposed. The determination of an undue hardship would be a decision made by the director or his designee based on the information and documentation received. Ms Morris also noted that the opportunity to rebut, still exist. Ms Morris asked for comments from the Directors who were present and had been a part of the conference calls. Ms Barbara Brooks commented that she saw undue hardship as an unplanned transfer of resources, such as illness of a child or grandchild that required emergency funds. Mr. David Smith commented that he felt the power of attorney area would be a potential for abuse. He summarized that the policy would be tested thoroughly by the legal community, that "the gauntlet had been thrown down" (by Attorney Doug Sea), and they would be challenging us on the undue hardship issues. He also stated that he felt that if the

interpretations were left up to the directors, they would vary with every director. Mr. Smith mentioned that he could also see extensive involvement with APS.

After many comments on the subject, Ms Morris summarized by advising staff to “get all the facts”. She reminded members that the burden of proof was on the client. Ms Morris informed members that there would be training on the new policy and that packets were being developed and hopefully would be ready by March.

Ms Morris opened for other questions and there was a question from a county about the mailed out reenrollment form (DMA 5063-R) for Family and Children’s Medicaid. The question had to do with question #10 on the form being left out. The question that asks, “Does anyone in the home under age 21 have medical bills?” was left out of the new form. The county noted that the absence of the question caused undue hardship and required the case to be pended for additional information. Ms Morris told the members she would take the form back with her for review and would get back to us. She also stated that the form was being done in Spanish.

Other comments made were regarding problems in getting citizenship verification from out of state, mainly New York State. Ms Morris told members that in cases similar to the case mentioned, where an applicant receives Social Security disability, a change was being made to exempt them from the citizenship requirement and that change would eliminate many of the verification problems. She stated the change would come along with the policy change stopping automatic entitlement to Medicaid for newborns of undocumented aliens. She stated, “Hopefully the policy would be effective March 1, 2007.”

Co-chair Parker asked the Medicaid Sub-committee Chair Bill Horne for their vote of approval of the policy changes and they approved the proposed to policy in both Family and Children’s Medicaid Policy Section #3255, and 3435 and the Adult Medicaid Manual Section 2425 for NC Health Choice, and the Change Draft #3 -07 to the Adult Medicaid Manual Sections 2240, 2241, 2242, and 2245 regarding the transfer of resources as discussed and with the clarifications. The policy was presented to the full committee and Gloria Hill of Wayne County moved that the policy be approved and Betty Barnes from Johnston County seconded the approval and the members voted their approval of the changes.

Co-chair Parker asked for the State reports beginning with Medicaid Program Integrity.

Ms Angela Saddler of DMA reported the Medicaid collections YTD were \$854,657.09 and for the month ending December 31, 2006 the total was \$850,365.90, with Jackson, New Hanover and Wilson County leading in collections. Ms Saddler reminded PI staff to block tax intercept if they had not done so already.

Ms Jane Schwartz of DSS reported that the Federal QC accuracy findings were in for the month ending August 2006 and that NC was #8 in accuracy and if the trend continued through the end of the federal year ending September 2006 there was a very good possibility of bonus money. She explained that the bonus money would only be possible if NC moved to 7th position but she was fairly certain that would happen when the final totals were in. Ms Swartz noted that in the past couple of years over \$22 million dollars in bonus money had been made available due to

NC's excellent work and she thanked everyone for their efforts. She stated that plan had already been made to use part of the bonus funds for a training conference that was planned for April 10-12, 2007 in Greensboro. She noted that DSS Director's were especially invited and that room and travel cost were included.

Ms Swartz spoke briefly about the LIEAP checks being mailed on 2-1-07. She stated that the average check would hopefully be approximately \$10. higher than the 2006 checks that averaged only \$57. Regarding the CIP questions that had been voiced in the December ESC meeting, Ms Swartz stated that a meeting was scheduled for 1:30 with a group of directors, including David Smith, who was present, and that if anyone had any specific issues to give them to David to present at the meeting where they would tackle or readdress the issues.

Ms Swartz addressed a member's question regarding the printing of forms and noted she would get back to the particular county's forms person.

Ms Sheila Dorsett of DSS Program Integrity Food Assistance reported the collections for overpayments for the State for the month of December 2006 at \$237,595.91. Ms Dorsett reminded PI staff to block any debtors who should not be subject to tax intercept, and unblock any who should be tax intercepted. Ms Shelia talked about the new policy in Section 865 that became effective 1-1-07 allowing tax intercept from proceeds from the NC Education Lottery. Ms Dorsett told members present that there would be overpayment calculation workshops at both the Food Assistance Conference in April and at the Program Integrity conference also scheduled for April. Ms Shelia reported that Phase one of EPICS in Data Warehouse was going well and completion of Phase two was anticipated soon.

Ms Johnice Tabron of DSS reported for Family Support and Child Welfare. Ms Tabron reported that the Work First subgroup meet in the previous week and would be mailing information at a later time.

Ms Denise Shipman of DHHS/DSS reported for Family Support and Child Welfare Program Integrity. Ms Shipman reported the collections for TANF and AFDC totaled \$166,336.07 YTD and that collections were \$17,232.87 for the month of December 2006. She reported the top collecting counties were Mecklenburg, Guilford, Edgecombe, Harnett and Wake. Ms Shipman reminded counties to make sure cases in EPICS were coded correctly to avoid any tax intercept hearings.

Ms Brenda Porter reported for the **Division of Aging and Adult Services.** Ms Porter reported that the SA regular policy was not ready but she hoped it would be ready for the committee to review prior to the February meeting. Ms Porter reported that the SA In-Home Manual was now online with the figures. She reported that the number of in-home recipients had increased from 965 on 12-1-06 to 1015 on 1-1-2007. She commended the counties on their hard work in getting the numbers up for the SA/IH. Ms Porter stated that the SA/IN training had begun and would be continuing throughout the state at various locations where all counties would have access to the training.

Executive Session:

Ms Alvinia Parker called the executive session to order and asked for approval of the minutes of the December 12, 2006 meeting. Ms Parker noted that a few minor corrections needed to be made to page 3, paragraph 3 where the motion was made by Pat Spears of Rowan County and seconded by Doretta Gibson of Nash County.

Old Business: Co-chair Ms Betty Dumas-Beasley noted that since the CIP issues were being addressed at the evening meeting of the directors there was no further need for discussion.

New Business:

Co-chair Betty Dumas-Beasley mentioned that the DMA 5063 forms issue had been passed to Jane Swartz of DSS for follow-up.

Co-chair Alivina Parker addressed a complaint that had been passed to the chair concerning the change of the agenda for the meeting. Ms Parker noted that the committee chairs had approved the change of venue prior to the beginning of the session since Medicaid policy was the only policy change being considered. She suggested that it was up to each committee chair to decide if they were meeting even if they had no policy issues to address.

A motion was made to adjourn, and the meeting was adjourned by the members present.

Respectfully submitted by Judy A. Locklear, Hoke County