Related Special Provisions:

MEDICAID ELIGIBILITY MONITORING

**SECTION 11H.20.(a)**  Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A‑55.5.  Eligibility monitoring for medical assistance.

(a)        On at least a quarterly basis, the Department shall review information concerning changes in circumstances that may affect medical assistance beneficiaries' eligibility to receive medical assistance benefits. The Department shall share the information directly with, or make the information available to, the county department of social services that determined the beneficiary's eligibility.

(b)        The information reviewed by the Department shall include all of the following:

(1)        Earned and unearned income.

(2)        Employment status and changes in employment.

(3)        Residency status.

(4)        Enrollment status in other State‑administered public assistance programs.

(5)        Financial resources.

(6)        Incarceration status.

(7)        Death records.

(8)        Lottery winnings.

(9)        Enrollment status in public assistance programs outside of this State.

(c)        A county department of social services shall promptly review the information provided or made available by the Department in accordance with subsection (a) of this section to determine if the information indicates a change in circumstances that may affect a medical assistance beneficiary's eligibility to receive medical assistance benefits and take one of the following actions:

(1)        If a review of the information does not result in the county department of social services finding a discrepancy or change in a beneficiary's circumstances that may affect that beneficiary's eligibility to receive medical assistance benefits, the county department of social services shall take no further action.

(2)        If a review of the information does result in the county department of social services finding a discrepancy or change in a beneficiary's circumstances that may affect that beneficiary's eligibility for medical assistance benefits, the county department of social services shall provide written notice to the beneficiary that describes in sufficient detail the circumstances of the discrepancy or change in circumstances that would affect the beneficiary's eligibility for medical assistance benefits. The notice must include the following information:

a.         The beneficiary will have 12 calendar days from the time of mailing to respond.

b.         A response from the beneficiary must be in writing.

c.         Self‑declarations made by the beneficiary will not be accepted as verification of information in the response.

d.         The consequences of taking no action.

(d)       After the expiration of 12 calendar days from the time of mailing the notice required under subsection (c) of this section, the county department of social services shall take one of the following actions:

(1)        If a beneficiary did not respond to the notice, the county department of social services shall redetermine the beneficiary's eligibility for medical assistance benefits and provide the beneficiary with proper notice under G.S. 108A‑79.

(2)        If a beneficiary responds to the notice and disagrees with the information in the notice, the county department of social services shall reinvestigate the matter and take one of the following actions:

a.         If the county department of social services determines that there has been an error and the beneficiary's eligibility to receive medical assistance benefits is not affected, then no further action shall be taken.

b.         If the county department of social services determines that there is no error, the county department of social services shall redetermine the beneficiary's eligibility for medical assistance benefits and provide the beneficiary with proper notice under G.S. 108A‑79.

(3)        If a beneficiary responds to the notice and confirms the information in the notice is correct, then the county department of social services shall redetermine the beneficiary's eligibility for medical assistance benefits and provide the beneficiary with proper notice under G.S. 108A‑79.

If, at any time after receiving a beneficiary's response to the notice, the county department of social services determines that there is a risk of fraud or misrepresentation or inadequate documentation, then the county department of social services may request additional documentation from the beneficiary.

(e)        Nothing in this section shall preclude the Department or any county department of social services from receiving or reviewing additional information related to a beneficiary's eligibility for medical assistance benefits that is obtained in a manner other than that provided for under this section."

**SECTION 11H.20.(b)**  The Department of Health and Human Services may sign a memorandum of understanding with any department, agency, or division of the State to obtain information concerning individuals enrolled in Medicaid that indicates a change in circumstances that may affect the individuals' eligibility to receive Medicaid benefits under G.S. 108A‑55.5(a).

**SECTION 11H.20.(c)**  The Department of Health and Human Services may contract with one or more vendors to provide information concerning individuals enrolled in Medicaid that indicates a change in circumstances that may affect the individuals' eligibility to receive Medicaid benefits under G.S. 108A‑55.5(a). The quarterly cost, net of receipts, of a contract entered into under this subsection must be less than the cost of claims, net of receipts, for the preceding quarter for individuals identified.

**SECTION 11H.20.(d)**  The Department of Health and Human Services (Department) shall consider joining any multistate cooperative to identify individuals who are also enrolled in public assistance programs outside of this State, including the National Accuracy Clearinghouse. No later than October 1, 2017, the Department shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice findings that explain the reasons for joining or not joining any multistate cooperative, and, if a determination has been made to join the multistate cooperative, a date when membership is expected.

**SECTION 11H.20.(e)**  Subsection (a) of this section becomes effective January 1, 2018. The remainder of this section is effective when this act becomes law.

MEDICAID ELIGIBILITY DETERMINATION TIMELINESS REPORTING

**SECTION 11H.21.**  Part 10 of Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A‑70.43.  Reporting.

No later than November 1 of each year, the Department shall submit a report for the prior fiscal year to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division containing the following information:

(1)        The annual statewide percentage of Medicaid applications processed in a timely manner for the fiscal year.

(2)        The statewide average number of days to process Medicaid applications for each month in the fiscal year.

(3)        The annual percentage of Medicaid applications processed in a timely manner by each county department of social services for the fiscal year.

(4)        The average number of days to process Medicaid applications for each month for each county department of social services.

(5)        The number of months during the fiscal year that each county department of social services met the timely processing standards under G.S. 108A‑70.38.

(6)        The number of months during the fiscal year that each county department of social services failed to meet the timely processing standards under G.S. 108A‑70.38.

(7)        A description of all corrective action activities conducted by the Department and county departments of social services in accordance with G.S. 108A‑70.36.

(8)        A description of how the Department plans to assist county departments of social services in meeting timely processing standards for Medicaid applications, for every county in which the performance metrics for processing Medicaid applications in a timely manner do not show significant improvement compared to the previous fiscal year."

SUPPORT IMPROVEMENT IN THE ACCURACY OF MEDICAID ELIGIBILITY DETERMINATIONS

**SECTION 11H.22.(a)**  G.S. 108A‑25(b) reads as rewritten:

"(b)      The program of medical assistance is established as a program of public assistance and shall be administered by the Department of Health and Human Services in accordance with G.S. 108A‑54. Medicaid eligibility administration may be delegated to the county departments of social services under rules adopted by the Department of Health and Human Services."

**SECTION 11H.22.(b)**  No later than November 1, 2017, the Department of Health and Human Services (Department) shall report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on progress made regarding the accuracy of county Medicaid eligibility determinations in response to the State Auditor's January 2017 Performance Audit entitled "North Carolina Medicaid Program Recipient Eligibility Determination." The Department's report shall include the following information:

(1)        An identification of stakeholders, including the county departments of social services, the Department has engaged to address issues surrounding the accuracy of Medicaid eligibility determinations by county departments of social services.

(2)        Opportunities identified by the Department and stakeholders to address accuracy in Medicaid determinations.

(3)        Any steps the Department has taken, or plans to take, to assist county departments of social services with improving accuracy in Medicaid eligibility determinations, including a time line for implementation of each planned action.

(4)        Any changes to legislation or needs for funding identified by the Department to assist with improving accuracy in Medicaid determinations.

**SECTION 11H.22.(c)**  Article 2 of Chapter 108A of the General Statutes is amended by adding a new Part to read:

"Part 11. Medicaid Eligibility Determinations Accuracy and Quality Assurance.

"§ 108A‑70.45.  Applicability.

If a federally recognized Native American tribe within the State has assumed responsibility for the Medicaid program pursuant to G.S. 108A‑25(e), then this Part applies to the tribe in the same manner as it applies to county departments of social services.

"§ 108A‑70.46.  Audit of county Medicaid determinations.

Beginning January 1, 2019, the Department of Health and Human Services, Division of Central Management and Support, shall, on an annual basis, audit all county departments of social services for compliance with the accuracy standards adopted under G.S. 108A‑70.47 for Medicaid eligibility determinations made within a 12‑month period. This annual audit shall also include an evaluation of compliance with the quality assurance standards under G.S. 108A‑70.48 by the county department of social services. Audits shall be conducted for initial Medicaid eligibility determination applications as well as Medicaid reenrollment determinations.

"§ 108A‑70.47.  Medicaid eligibility determination processing accuracy standards.

(a)        The Department shall require county departments of social services to comply with accuracy standards set forth in rule for the processing of Medicaid eligibility determinations. The Department shall set the following standards:

(1)        Accuracy standards with regards to errors that caused an ineligible Medicaid recipient to be approved for Medicaid benefits.

(2)        Accuracy standards with regards to errors that caused the denial of benefits to an applicant that should have been approved for Medicaid benefits.

(3)        Accuracy standards with regards to errors made during the eligibility determination process that did not change the outcome of the eligibility determination.

(b)        Standards under this section shall be developed by the Department in consultation with the State Auditor.

"§ 108A‑70.48.  Quality assurance.

The Department shall require county departments of social services to comply with quality assurance minimum standards set forth in rule. The quality assurance standards shall be based upon best practices and shall be developed by the Department in consultation with the State Auditor.

"§ 108A‑70.49.  Corrective action.

(a)        If the Department's annual audit under G.S. 108A‑70.46 results in a determination that a county department of social services fails to meet any of the standards adopted under G.S. 108A‑70.47 or G.S. 108A‑70.48, the Department and the county department of social services shall enter into a joint corrective action plan to improve the accurate processing of applications.

(b)        A joint corrective action plan entered into pursuant to this section shall specifically identify the following components:

(1)        The duration of the joint corrective action plan, not to exceed 24 months. If a county department of social services shows measurable progress in meeting the performance requirements in the joint corrective action plan, then the duration of the joint corrective action plan may be extended by six months, but in no case shall a joint corrective action plan exceed 36 months.

(2)        A plan for improving the accurate processing of applications that specifically describes the actions to be taken by the county department of social services and the Department.

(3)        The performance requirements for the county department of social services that constitute successful completion of the joint corrective action plan.

(4)        Acknowledgment that failure to successfully complete the joint corrective action plan will result in temporary assumption of Medicaid eligibility administration by the Department, in accordance with G.S. 108A‑70.50.

"§ 108A‑70.50.  Temporary assumption of Medicaid eligibility administration.

(a)        If a county department of social services fails to successfully complete its joint corrective action plan, the Department shall give the county department of social services, the county manager, and the board of social services or the consolidated human services board, created pursuant to G.S. 153A‑77(b), at least 90 days' notice that the Department intends to temporarily assume Medicaid eligibility administration, in accordance with subsection (b) of this section. The notice shall include the following information:

(1)        The date on which the Department intends to temporarily assume administration of Medicaid eligibility determinations.

(2)        The performance requirements in the joint corrective action plan that the county department of social services failed to meet.

(3)        Notice of the county department of social services' right to appeal the decision to the Office of Administrative Hearings, pursuant to Article 3 of Chapter 150B of the General Statutes.

(b)        Notwithstanding any provision of law to the contrary, if a county department of social services fails to successfully complete its joint corrective action plan, the Department shall temporarily assume Medicaid eligibility administration for the county upon giving notice as required by subsection (a) of this section. During a period of temporary assumption of Medicaid eligibility administration, the following shall occur:

(1)        The Department shall administer the Medicaid eligibility function in the county. Administration by the Department may include direct operation by the Department, including supervision of county Medicaid eligibility workers or contracts for operation to the extent permitted by federal law and regulations.

(2)        The county department of social services is divested of the authority to administer Medicaid eligibility determinations.

(3)        The Department shall direct and oversee the expenditure of all funding for the administration of Medicaid eligibility in the county.

(4)        The county shall continue to pay the nonfederal share of the cost of Medicaid eligibility administration and shall not withdraw funds previously obligated or appropriated for Medicaid eligibility administration.

(5)        The county shall pay the nonfederal share of additional costs incurred to ensure compliance with the accuracy and quality assurance standards required by this Part.

(6)        The Department shall work with the county department of social services to develop a plan for the county department of social services to resume Medicaid eligibility administration and perform Medicaid eligibility determinations more accurately.

(7)        The Department shall inform the county board of commissioners, the county manager, the county director of social services, and the board of social services or the consolidated human services board, created pursuant to G.S. 153A‑77(b), of key activities and any ongoing concerns during the temporary assumption of Medicaid eligibility administration.

(c)        Upon the Department's determination that Medicaid eligibility determinations can be performed accurately and with proper quality assurance by the county department of social services based on the standards adopted under G.S. 108A‑70.47 and G.S. 108A‑70.48, the Department shall notify the county department of social services, the county manager, and the board of social services or the consolidated human services board, created pursuant to G.S. 153A‑77(b), that temporary assumption of Medicaid eligibility administration will be terminated and the effective date of termination. Upon termination, the county department of social services resumes its full authority to administer Medicaid eligibility determinations.

"§ 108A‑70.51.  Reporting.

Beginning with the calendar year 2020, no later than March 1 of each year, the Department shall submit a report to the Joint Legislative Committee on Medicaid and NC Health Choice, the Fiscal Research Division, and the State Auditor that contains the following information about the prior calendar year:

(1)        The annual statewide percentage of county departments of social services that met the accuracy standards adopted under G.S. 108A‑70.47 in the prior fiscal year.

(2)        The annual statewide percentage of county departments of social services that met the quality assurance standards adopted under G.S. 108A‑70.48 in the prior fiscal year.

(3)        The annual audit result for each standard adopted under G.S. 108A‑70.47 for each county of department services.

(4)        The number of years in the preceding five‑year period that each county department of social services failed to meet the standards in G.S. 108A‑70.47 or G.S. 108A‑70.48.

(5)        A description of all corrective action activities conducted by the Department and county departments of social services in accordance with G.S. 108A‑70.49.

(6)        For every county in which the performance metrics for processing Medicaid applications in an accurate manner do not show significant improvement compared to the previous fiscal year, a description of how the Department plans to assist county departments of social services in accuracy and quality assurance standards for Medicaid applications."

**SECTION 11H.22.(d)**  G.S. 150B‑23(a5) reads as rewritten:

"(a5)    A county that appeals a decision of the Department of Health and Human Services to temporarily assume Medicaid eligibility administration in accordance with ~~G.S. 108A‑70.37~~G.S. 108A‑70.42 or G.S. 108A‑70.50 may commence a contested case under this Article in the same manner as any other petitioner. The case shall be conducted in the same manner as other contested cases under this Article."

**SECTION 11H.22.(e)**  The Department of Health and Human Services, Division of Central Management and Support (Department), shall collaborate with the State Auditor to develop a plan of implementation of the annual audits under this section. The plan must include the following information:

(1)        Accuracy standards and quality assurance standards to be implemented.

(2)        The audit schedule that includes all counties.

(3)        The audit methodology to be utilized, including any information that may vary based upon county size or other factors.

(4)        Details illustrating that the audit methodology is statistically sound, including the statistically significant number of cases to be reviewed in each county.

(5)        Anticipated costs of implementing the plan.

(6)        A certification from the State Auditor that the Department's plan for the annual audits has the approval of the State Auditor.

No later than March 1, 2018, the Department shall submit a copy of the plan to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice with any proposed recommendations, suggested legislation, or funding requests.

**SECTION 11H.22.(f)**  Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A‑25.1A.  Responsibility for errors.

(a)        A county department of social services shall be financially responsible for the erroneous issuance of Medicaid benefits and Medicaid claims payments resulting when the county department of social services takes any action that requires payment of Medicaid claims for an ineligible individual, for ineligible dates, or in an amount that includes a recipient's liability and for which the State cannot claim federal participation.

(b)        Notwithstanding subsection (a) of this section, a county department of social services shall not be financially responsible for the erroneous issuance of Medicaid benefits and Medicaid claims payments resulting from a failure or error attributable solely to the State.

(c)        The amounts to be charged back to a county department of social services for erroneous payments of claims shall be the State and federal shares of all erroneous payments, not to exceed the lesser of the amount of actual error or claims payment."

**SECTION 11H.22.(g)**  The Department of Health and Human Services (Department) shall design and implement a training and certification program for caseworkers utilizing North Carolina Families Accessing Services Through Technology (NC FAST). The training and certification program shall be available on a statewide basis, and the Department shall provide training to caseworkers at county departments of social services at a location within reasonable travel distance from the county departments of social services multiples times per year. No later than 18 months after the Department has implemented the training and certification program, the Department shall require all caseworkers inputting data or making determinations for eligibility for State programs through NC FAST to be certified. A certification may last no longer than three years before an individual is required to be recertified. The Department may adopt and amend rules to implement this training and certification program.

**SECTION 11H.22.(h)**  No later than 18 months after the Department has implemented the training and certification program under subsection (g) of this section, the Department shall include in its audits required under G.S. 108A‑70.46 a verification that all county departments of social services are in compliance with the certification program requirements for individuals involved in the Medicaid eligibility determination process.

**SECTION 11H.22.(i)**  No later than March 1, 2018, the Department shall submit to the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Medicaid and NC Health Choice, and the Fiscal Research Division a report on the implementation of the training and certification program required under this section. The report shall include the following:

(1)        A detailed outline of what the training and certification program will entail, including how many hours of training will be required for certification, how frequently recertification will be required, and how often training will be provided by the Department to the county departments of social services.

(2)        A plan of implementation of the training and certification program, including a specific time line of implementation.

(3)        Anticipated costs to the Department, as well as any costs to the county department of social services, of implementing the training and certification program. This should include an identification of any additional resources required by the Department or a county department of social services in order to implement the training and certification program.

(4)        Any other information the Department is able to provide regarding the training and certification program development.

**SECTION 11H.22.(j)**  The Department of Health and Human Services may adopt and amend rules to implement this section.

**SECTION 11H.22.(k)**  Subsection (f) of this section is effective when it becomes law and applies to errors identified on or after that date. The remainder of this section is effective when it becomes law.