

Current Change Notice: 06-18

- Policy references to the Eligibility Information System (EIS) have been removed and updated with the appropriate NC FAST language.

I. PRINCIPLES

- A. A local agency must take corrective action when the county fails to meet compliance thresholds for the report card or is cited for improper/incorrect actions by DHB Staff.**
- B. The county must analyze the reasons for the non-compliance, develop and implement any necessary corrective action and maintain documentation of these efforts for review by the Operational Support Team Representative (OST) or other state staff.**
- C. The local agency director should ensure that all Economic Benefits personnel, including receptionists, are trained and familiar with application processing requirements.**

II. REPORT CARD FAILURES

A. Adjusted Application Report Card

1. Non-compliance occurs when a local agency fails to meet the thresholds for Average Processing Time (APT) or Percent of Cases Processed Timely (PPT) for one month.
2. Report card performance may impact the local agency in two different ways:
 - a. Failure to meet the compliance thresholds in either Average Processing Time (APT) or Percent Processed Timely (PPT) for one month in either category may require that the county be monitored annually rather than every two years. See Section [MA-3217](#)
 - b. Non-compliance with processing thresholds in either APT or PPT on the Adjusted Application Report Card for three consecutive months, or, five months out of any twelve consecutive months, may be cause to convene a Local Compliance Team.
3. Analysis of Non-Compliance

For any failure to meet the compliance thresholds on the report card, the local agency must complete an analysis to determine the reason cases pended

beyond the due date. In addition to pulling the cases that may have caused the failure, use the [DMA-5167](#), County Analysis – Non-Compliance, to assist in analysis of non-compliance and development of corrective action. The questions are a guide for help in completing analysis of the causes of the failure. Use the [DMA-5167](#) when the county does not meet monitoring compliance thresholds. Documentation of Report Card Analysis

- a. After completing the analysis, the local agency must document findings, prepare a corrective action plan if necessary, and document when actions are taken. Complete the [DMA-5169, Report Card Analysis](#).
- b. Keep this information in a central file or notebook, so the OST can review it. This will also assist the local agency with any future concerns or disputes about corrective action taken or needed.
- c. The OST Representative will review the county findings and assist in addressing any problem issues and in developing a corrective action plan.
- d. State staff may also review the corrective action plan and documentation of action taken to assure that the plan is adequate to address the problems identified. The local agency retains full responsibility for development, implementation, and tracking of the corrective action plan.

B. Actual Time Report Card

Failure to meet the thresholds on the Actual Time Report Card may indicate a lack of understanding of exclusion of time. These cases should be reviewed to determine if the exclusion of time was correct. Follow procedures in II.4.a. above.

III. WAIVER REQUESTS FOR FAILING THE ADJUSTED APPLICATION REPORT CARD

When the local agency fails the report card, it affects the frequency of monitoring. The annual monitoring may be waived if the local agency submits and is approved for waivers of report card failures. Local agencies who fail the report card in any category three or more times in a year will be monitored annually regardless of whether waivers are approved.

For a waiver of a report card failure to be approved, the local agency must submit clear and convincing evidence that it took all steps possible to process applications in a timely manner in the categories and months of failure. The local agency's reasons for not meeting the compliance thresholds must be compelling and must result from factors beyond the control of the agency.

A. Waiver Criteria and Procedures

1. The waiver must be requested in writing by the 20th of the month in which the report card is issued.
2. The local agency must prepare a cover letter outlining the reasons that applications went beyond the time standard that resulted in failure of the report card.
3. Accompanying this letter should be a copy of the report card, a copy of the Applications Included report and supporting documentation from case records that shows the steps the county took to process applications timely.
4. The request must also include a recalculation of the percentage of applications processed timely that shows the local agency would not have failed if these applications were excused. The local agency would have to have met the appropriate processing thresholds of 90% for Level II and III counties and 85% for Level I counties. Local agencies don't need to show that they would have met processing thresholds for 100% of the applications.
5. The local agency may not request a waiver of a report card failure, which was caused by reopening improper or incorrect actions found through monitoring.
6. Acceptable reasons for delay are incorrect data entry, monitoring error, NC FAST downtime, DDS delay, or factors beyond local agency control.

a. Incorrect Data Entry

Local Agencies are responsible for using the following mechanisms to detect and prevent incorrect calculations of APT and PPT. The general rule is that if any of these mechanisms were available to the local agency to detect and correct its error and the local agency failed to do so, the monitor will not support a waiver or recalculation of the processing time.

- (1) Operations and Management (O&M) reports available in NC FAST.

Incorrect processing times can occur due to data entry error that is not detected. In these instances, the eligibility staff supervisor may support a local agency's request for waiver.

Examples: Failing to enter an application as administrative that should not count in processing compliance or incorrect data entry at disposition (once an application is dispositioned the county cannot correct errors). In all cases, the beneficiary must not have suffered any delay in benefits or in receipt of notice of disposition.

B. FACTORS BEYOND LOCAL AGENCY/DDS CONTROL

- (1) Events that prevent the local agency/DDS from reasonably anticipating increased workloads and planning to accommodate the increase.
- (2) Diminished capacity to take and process applications timely (e.g., epidemic illness).
- (3) Client or third-party delay in providing information.
- (4) Other factors as judged on a case-by-case basis.
 - (a) Natural disasters (hurricane, flood, tornado, fire, etc.) which:
 - 1) Destroyed the employment base resulting in large, unplanned for increases in the number of applications,
 - 2) Damaged local agency or DDS facilities to the extent that the agency's /DDS'ability to operate at or near norm is eliminated, or
 - 3) Defects in NC FAST resulting in agency's/DDS' inability to enter data in a timely fashion.
 - (b) Local economic disasters such as plant closing that result in a drastic increase in the number of applicants in a short period of time.
 - (c) Unplanned NC FAST downtime of two or more successive days in which the local agency or DDS cannot access NC FAST due to State or local agency downtime or a combination of both.
 - (d) The local agency must explain if it made use of overtime, hired temporary staff, reassigned supervisors to casework, or any other strategy used to ensure benefits were issued as quickly and accurately as possible.

B. Review of Waiver Request

Fax the request to the eligibility Service at NC Medicaid for review. The fax number is (919) 224-1070.

1. The Field Staff Supervisor will review the materials submitted.
2. Additional information may be requested from the county if deemed necessary.
3. Local Agency will be notified of decision.

IV. MONITORING

For all local agencies and the DDS, monitoring thresholds are 80% for each category of denials, withdrawals, inquiries and discouragement.

- A local agency shall be monitored every other year when the adjusted application report card shows the local agency passed the APT/PPT in each MA category (Other and MAD), or, the local agency failed the APT/PPT in MAD due to DDS delay.
- When a local agency or DDS fails the Adjusted Application Report Card threshold for one or two months in any Medicaid category; the local agency or DDS shall be monitored on an annual basis, provided no waivers of the report card failures were submitted and approved.
- When a local agency or DDS fails the report card three or more times in a year; the local agency or DDS will be monitored annually regardless of the reason for delay, or, whether waivers are approved.

A. Monitoring Report

Upon completion of monitoring of the local agency, the monitoring unit will complete a report of findings. Copies will be sent electronically to the local agency, Operational Support Team Representative (OST), and eligibility staff supervisor. Only the documents used to cite improper actions will be returned to the agency.

1. If the local agency falls below the 80% threshold for denials, withdrawals, inquiries or discouragement, the local agency must complete an in-depth analysis on the reasons for non-compliance.
 - a. The agency must prepare and implement a corrective action plan and prepare a corrective action plan if necessary, and
 - b. Document findings, corrective action and action taken in the central file or notebook. Use the [DMA-5168, Actions Taken On Improper Denials, Withdrawals, or Inquiries Identified In Monitoring](#), to the MPR when all cases are disposed. Keep this information in the central file or notebook in chronological order so the MPR can view it.
 - c. Document action taken on cases required to be reopened. This also includes any inquiries or discouragement cases.

2. Submit the [DMA-5168](#), Actions Taken on Improper Denials, Withdrawals, or Inquiries Identified in Monitoring, to the Operational Support Team Representative (OST) when all cases are disposed.
3. The Operational Support Team Representative (OST) will review the analysis and provide input. State staff may also assist in further analysis and review the corrective action plan and document of action taken to ensure actions are appropriate.

B. Disputing Monitoring Findings

Upon receipt of the findings, the local agency or DDS may dispute the monitoring findings within 10 work days of receipt of the findings. Written documentation to support the reason for the dispute must be provided.

1. The findings of the monitors may be disputed only for:
 - a. The accuracy of the days excluded or included in determining timely processing, or
 - b. A change in Medicaid policy that caused the county to be out of compliance, or
 - c. An NC FAST problem that caused the county to be out of compliance.
2. The agency does not have to reopen cases until the final decision is received.
3. Required Information for Dispute

Submit the request to dispute monitoring findings to:

North Carolina Medicaid
Eligibility Supervisor
2501 Mail Service Center
Raleigh, NC 27699-2501
Fax Number (919) 224-1070

4. With the request, the local agency must submit:
 - a. A list of the cases for which the local agency disputes the findings of the monitors. The local agency is not required to dispute findings on all cited cases and should reopen the cases that are not disputed.
 - b. Documentation to support the local agency's argument that cases were processed correctly. This documentation may include the argument that changes in policy caused the cases to be out of compliance, citing policy in the manual policy section that supports the agency's argument, documentation of NC FAST problems that resulted in failure, etc.

C. Finalization of Findings

Monitoring findings become final if not disputed based on the date of the letter or upon the date of the response of the monitor to the disputed findings.

D. Corrective Action

The local agency must take corrective action within 30 calendar days of the final monitoring results. Cases must be reopened following procedures in [MA-3200](#), Processing the Application.

V. LOCAL CORRECTIVE ACTION PROCEDURES FOR COUNTY DSS NON-COMPLIANCE

A. Requirements for Establishing a Local Corrective Action Team

A Local Corrective Action Team may be convened when:

1. The local agency is out of compliance with processing thresholds in either APT or PPT on report cards in any category for three consecutive months, or, five months out of any twelve consecutive months. The APT compliance thresholds are 90 days for MAD applications and 45 days for other applications. The PPT compliance thresholds are 90% for Level II and III DSS's and 85% for Level I DSS's.
2. The local agency fails to meet the 80% threshold for each category of denials, withdrawals, inquiries, or discouragement.
3. The local agency fails to take corrective action within 30 calendar days as required by results of monitoring.

B. Exceptions to Holding a Local Corrective Action Team

A corrective action team will not be required when:

1. All failures are attributable to DDS.
2. It is determined by the Operational Support Team Representative (OST) and the Assistant Director for Recipient and Provider Services (or designee) that the reason(s) for non-compliance have been or are being corrected by the DSS.
3. Budgetary constraints do not allow travel for the purpose of convening the corrective action team; however, conference calls will be considered.

A written corrective action plan may be requested from the county prior to accumulation of enough failures to warrant holding a corrective action team. The Operational Support Team Representative (OST) will work with the local agency to achieve compliance and avoid the need for a corrective action team.

C. Notification

When a corrective action team must be convened, the Assistant Director for Recipient and Provider Services (or designee) will notify the local agency Director and convene the team within ten work days of notice that the local agency is subject to a local corrective action team. A date to hold the local corrective action team will be agreed upon by the two parties.

D. County Director Responsibilities

Upon receipt of notification to convene a corrective action team the local agency director must:

1. Determine the site for the meeting and send a letter to each Local Corrective Action Team member. The letter must include the purpose of the meeting and indicate the problem area(s). The letter may include an analysis of the problem(s) if one has been previously completed.
2. The local agency director or designee must prepare a summary of the problems for the corrective action team meeting and complete an analysis and report of actions taken to date to correct the problems.

E. Members of the Local Corrective Action Team

The Local Corrective Action Team will include:

1. The Operational Support Team Representative (OST) and any additional state staff identified by the Assistant Director.
2. The DSS Director and any additional staff identified by the DSS Director.
3. The county manager or the chair of the board of county commissioners.
4. A member of the general public who is concerned about health care availability for low income citizens.
5. The social services board chairman or other board member.
6. An independent management consultant at the option and expense of the county.

F. Powers of the Local Corrective Action Team

1. The local corrective action team has broad powers and may design any remedy reasonable and necessary to bring the local agency into compliance with application processing requirements. This includes but is not limited to:
 - a. Employing additional staff

- b. Altering office procedures (such procedures must be consistent with federal and state regulations, laws and Department rules and policies).
 - c. Purchasing office equipment.
 - d. Retaining private consultants.
 - e. Reopening of cases and/or ordering retroactive relief to applicants harmed by violation of processing requirements.
2. The team will establish a corrective action plan within forty calendar days of notice that a local corrective action team was required, and a date for compliance with the plan shall be set. The date by which the compliance thresholds shall be met will be based upon the extent of the problem. Report card compliance must be achieved within three months after the date the compliance plan was required to be established.
 3. Failure to take corrective action or meet compliance thresholds by the date established shall result in referral to the State Corrective Action Team unless the State Corrective Action Team grants an extension of time, not to exceed three months.

G. Format of Meetings of the Local Corrective Action Team

1. The Assistant Director for Recipient and Provider Services (or designee) will chair the meeting and describe the issues and purpose of the meeting.
2. The local agency director or his designee will have primary responsibility to present an analysis of problem(s) and action(s) taken to date.
3. The team members will discuss the analysis of the problem(s), causal factors, results of actions taken to date, and alternatives for additional actions that may be needed.
4. The team will then formulate its corrective action plan and establish timeframes for completion.
5. The plan adopted by the local corrective action team may include a request for an extension of time from the State Corrective Action Team. Requests for extensions should not be routine and should be reserved for those instances where corrective action measures will take more than three months to achieve compliance (i.e. hiring and training staff, etc.).
6. The DSS Director will make a request for an extension of time in writing to the Assistant Director for Recipient and Provider Services who will forward the request to the chairperson of the State Corrective Action Team. The request must include justification for the request for extension and a copy of the county corrective action plan, including threshold compliance data and other pertinent information.

H. Written Corrective Action Plan

The DSS director will prepare the agreed upon plan for approval by the local team members. The DSS director and chairman of the Social Services board will sign the plan. It will be submitted to the Assistant Director for Recipient and Provider Services within

40 calendar days from the date the notice of requirement for a local corrective action team was required.

VI. TRACKING AND NOTIFICATION OF NON-COMPLIANCE

- A. The Eligibility Services Supervisor and Operational Support Team Representative (OST) will continue to track thresholds and progress of corrective action measures. Failure to obtain compliance as outlined in the plan formulated by the local corrective action team will trigger notice from the Assistant Director for Recipient and Provider Services to the Chairperson of the State Corrective Action Team.**
- B. It shall be the responsibility of the Chairperson to convene a State Corrective Action Team when the county has not met its compliance deadline.**
- C. The State Corrective Action Team may grant an extension of time, not to exceed three months, for corrective action to be completed prior to convening a formal meeting.**

VII. STATE CORRECTIVE ACTION TEAM

- A. The State Corrective Action Team will be convened by the Chairperson within ten days when:**
 - 1. A local agency has failed to meet the compliance thresholds by the date established by the local corrective action team.
 - 2. A local corrective action team requests an extension of time, not to exceed three months, to meet the compliance thresholds.
 - 3. DDS fails to meet its compliance thresholds for 3 consecutive or 5 out of 12 months.

B. Members of the State Corrective Action Team

A permanent State Corrective Action Team as convened by the Secretary of the Department of Health and Human Services will include the following members:

1. A representative of DHHS appointed by the Secretary.
2. A representative of the NC Association of County Commissioners.

3. Two representatives of local agencies appointed by the Presidents of the North Carolina Social Services Association, the North Carolina Association of County Directors of Social Services, and the North Carolina Association of County Boards of Social Services. In the event of conflict, an alternate representative may be appointed.
4. The Chairman of the Board of Legal Services of North Carolina or his designee.
5. A recipient of Medicaid, appointed by the Secretary.
6. A representative of the Institute of Government.

The Secretary of DHHS shall designate the Chairperson. Upon resignation of any member, the appointing authority shall select a replacement.

C. Preparation and Notification

1. If the State Corrective Action Team must be called, copies of the Local Corrective Action Team plan, county documentation in its central file, and any other supporting documentation will be submitted to the Assistant Director for Recipient and Provider Services.
2. The Assistant Director will notify the chairperson of the State Corrective Action Team and provide copies of documentation.
3. The chairperson or designee will schedule the time and place for the meeting and will notify the members of the State Corrective Action Team by letter.

D. Powers of the State Corrective Action Team

The State Corrective Action Team has broad powers and may design any remedy reasonable and necessary to bring the local or DDS into compliance with application processing requirements. This includes but is not limited to:

1. Employing additional staff.
2. Altering office procedures (such procedures must be consistent with federal and state regulations, laws and Department rules and policies).
3. Purchasing office equipment.
4. Retaining private consultants.
5. Reopening of cases and/or ordering retroactive relief to applicants harmed by violation of application processing requirements.
6. Ordering the State to assist in the operation of a local agency.

E. State Corrective Action Team Plan

1. The State Corrective Action Team shall establish a corrective action plan for any local agency or DDS within forty-five calendar days of convening. A date for compliance shall be established. For report card issues, compliance must be achieved within three months after the date the State Corrective Action Team was required.
2. The Chairperson shall forward notice of the corrective action plan established by the State Corrective Action Team to the respective members of the local agency Corrective Action Team. Copies of a plan involving DDS non-compliance will be sent to the Division of Vocational Rehabilitation. Copies of any plan shall be distributed to the Division of Health Benefits.

F. Failure to Achieve Compliance

1. In the event that a county and the State Corrective Action Team are unable to resolve the problem of the local agency or DDS non-compliance, the Local Government Commission established pursuant to N.C.G.S.159-3 may be requested to review the county budget and its fiscal condition in relation to the proposed corrective action.
2. The Local Government Commission may assess and determine the capacity of the county to expend resources to bring the county into compliance and may take enforcement action pursuant to Chapter 159 of the General Statutes as appropriate. The various state agencies shall be available to assist in this review.