



HOUSE BILL 1030: 2016 Appropriations Act, Sec. 12H.17: Medicaid Eligibility Determination Timeliness

2015-2016 General Assembly

Committee:		Date:	July 27, 2016
Introduced by:		Prepared by:	Jennifer Hillman Staff Attorney
Analysis of:	Sec. 12H.17 of S.L. 2016-94		

OVERVIEW: *Sec. 12H.17 of S.L. 2016-94 directs the Department of Health and Human Services (DHHS) to report on the timeliness of Medicaid eligibility determinations performed by county departments of social services (DSS) at the end of the next two fiscal years and creates a new part in the statutes governing social services that establish a framework for DHHS to temporarily assume Medicaid eligibility administration when a county DSS is not meeting timely processing standards and corrective action efforts have been unsuccessful.*

The statutes created by this section become effective January 1, 2017, and apply to monthly timely processing standards beginning on that date. The remainder of this section became effective July 1, 2016.

CURRENT LAW: Medicaid eligibility determinations are conducted by county DSSs pursuant to G.S. 108A-14. Federal Medicaid regulation 42 C.F.R. 435.912 requires the State Medicaid program to meet certain timeliness standards as well as establish performance standards for the timely processing of Medicaid applications.

ANALYSIS: Subsection (a) of this section requires a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Joint Legislative Oversight Committee on Health and Human Services by November 1, 2016 and November 1, 2017 containing data related to the timeliness of Medicaid eligibility determinations for the preceding fiscal year.

Subsection (b) of this section creates a new Part 10 in Article 2 of Chapter 108A of the General Statutes establishing procedures for ensuring Medicaid eligibility decision processing timeliness. These new statutes address timeliness standards, monitoring requirements, corrective action requirements, and authority for the Department of Health and Human Services (DHHS) to temporarily assume the county DSS's Medicaid eligibility administration function if corrective action is unsuccessful. The new statutes apply to any Native American tribe that conducts Medicaid eligibility determinations in the same manner they apply to county DSSs.

New G.S. 108A-70.32 requires county DSSs to adhere to the timely decision standards required by federal regulations.

New G.S. 108A-70.33 through 108A-70.35 set forth the timely processing standards that DHHS will use to monitor timeliness. The timely processing standards are average processing time and percentage processed timely, and these standards are calculated on a monthly basis. The timely processing standards are based on standards that are currently in rule or DHHS policy.

New G.S. 108A-70.36 sets forth procedures for corrective action. If a county DSS does not meet either the average processing time standard or the percentage processed timely standard for any three consecutive months or five out of any 12 consecutive months, then DHHS and the county DSS must

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enter into a joint corrective action plan to improve the timely processing of applications. This trigger for corrective action is currently in rule. The joint corrective action plan cannot exceed 12 months; however, if a county DSS shows measureable progress during the initial period of the joint corrective action plan, then the period for completion of the plan may be extended by six months. The joint corrective action plan must describe the actions to be taken by the county DSS and DHHS, the performance requirements that constitute successful completion of the plan, and an acknowledgement that failure to successfully complete the plan will result in DHHS temporarily assuming Medicaid eligibility administration.

New G.S. 108A-70.37 sets forth procedures for DHHS's temporary assumption of Medicaid eligibility administration. If the county DSS fails to successfully complete the joint correction action plan, then DHHS must give at least 90 days' notice of intent to temporarily assume Medicaid eligibility administration. The notice must state the date of intended assumption, identify the performance requirements in the joint corrective action plan that the county DSS failed to meet, and advise of the right to appeal the decision to the Office of Administrative Hearings. During a period of temporary assumption of Medicaid eligibility administration, DHHS must administer the Medicaid eligibility function in the county, the county DSS is divested of its administration authority, DHHS must direct and oversee the expenditure of funding for Medicaid eligibility administration, and the county must continue to pay the nonfederal share of the cost of Medicaid eligibility administration, including additional costs incurred to ensure timely processing of applications. In addition, DHHS must work with the county DSS to develop a plan for the county DSS to resume Medicaid eligibility administration and must keep the county stakeholders informed about key activities and ongoing concerns. Temporary assumption of Medicaid eligibility administration must be terminated when DHHS determines that the county DSS can make timely eligibility decisions based on the performance standards set out in statute, and upon notice to the county DSS.

Subsection (c) of this section states that a county's appeal of DHHS's decision to temporarily assume Medicaid eligibility administration may be filed as a contested case at the Office of Administrative Hearing.

Subsection (d) of this section states that the corrective action procedures previously established in rule are superseded by the new corrective action procedures established in statute.

EFFECTIVE DATE: The new statutes governing timeliness standards, corrective action procedures, and the temporary assumption of Medicaid eligibility administration are effective January 1, 2017, and apply to monthly timely processing standards beginning on that date. The remainder of this section is effective July 1, 2016.

BACKGROUND: In Report Number 2016-04, "Timeliness of Medicaid Eligibility Determinations Declined Due to Challenges Imposed by NC FAST and Affordable Care Act Implementation" (April 11, 2016), the Program Evaluation Division presented recommendations to support improvement in the timeliness of Medicaid eligibility determinations by county DSSs. The recommendations proposed in the report are the basis for this section. A copy of the report is available at: <http://www.ncleg.net/PED/Reports/2016/MedicaidEligibility.html>.