



SENATE BILL 841: Medicaid Eligibility Timeliness/Funds.

2016-2017 General Assembly

Committee:	Senate Health Care. If favorable, re-refer to Appropriations/Base Budget	Date:	May 17, 2016
Introduced by:	Sens. Hise, Krawiec, Foushee	Prepared by:	Jennifer Hillman
Analysis of:	First Edition		Staff Attorney

SUMMARY: *Senate bill 841 would enact provisions to support improvement in the timeliness of Medicaid eligibility determinations by county departments of social services (DSSs).*

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.

BILL ANALYSIS: **Section 1** of the bill would require 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.

Section 2(a) of the bill would create 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 shall 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, 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.

Karen Cochrane-
Brown
Director



Legislative Analysis
Division
919-733-2578

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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 will administer the Medicaid eligibility function in the county, the county DSS will be divested of its administration authority, DHHS will direct and oversee the expenditure of funding for Medicaid eligibility administration, and the county shall 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 will work with the county DSS to develop a plan for the county DSS to resume Medicaid eligibility administration and shall keep the county stakeholders informed about key activities and ongoing concerns. Temporary assumption of Medicaid eligibility administration will 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.

Section 2(b) of the bill 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.

Section 2(c) of the bill states that the corrective action procedures previously established in rule are superseded by the new corrective action procedures established in statute.

Section 3 of the bill would appropriate a total of \$300,000 to fund a total of 7 new positions within DHHS to support better utilization of data from NC FAST, the IT system that is used for Medicaid eligibility determinations, and better performance measurement and evaluation of Medicaid eligibility determinations. Of these 7 positions, 3 are new Business System Analyst positions and 4 are new Human Services Evaluator/Planner positions. The state funding for these positions will receive federal matching funds to cover the full cost of the positions.

EFFECTIVE DATE: The procedures for corrective action and temporary assumption of Medicaid eligibility administration would become effective January 1, 2017, and would apply to monthly timely processing standards beginning on that date. The remainder of the bill would become 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 bill. A copy of the report is available at: <http://www.ncleg.net/PED/Reports/2016/MedicaidEligibility.html>.