



## MEMORANDUM

**TO:** Office of State Budget and Management

**FROM:** Ryan Eppenberger, Interim DHB Rulemaking Coordinator

**DATE:** November 6, 2018

**RE:** Federal Certification for N.C. Department of Health and Human Services, Division of Health Benefits (DHB) Rule Readoption Subchapter 23A – General Program Administration

### Rule-making Coordinator's Certificate

As Required by GS 150B-19.1(g)  
For Proposed Permanent and Temporary Rules Adopted to  
Implement a Federal Law or which upon Receipt of Federal Funds is Conditioned

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10A NCAC 23A .0103 is proposed for readoption to be compatible with federal regulations governing Medical Assistance Programs. This rule applies to quality assurance measures for the administration of Medical Assistance Programs.

Regulation by the State of North Carolina of quality assurance measures is subject to the provisions of 42 CFR Part 431, Subpart P (Quality Control). The readoption of the above-named rule is necessary to comply with these federal regulations.

## **Fiscal Impact Analysis of Permanent Rule Readoption – 10A NCAC 23A**

### **Agency Proposing Rule Change**

North Carolina Department of Health and Human Services, Division of Health Benefits

### **Contact Persons**

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### **Impact Summary**

Federal Government: No Impact

State Government: No Impact

Local Government: No Impact

Private Individuals/Entities: No Impact

Substantial Impact: No

### **Title of Rule Changes and Citations**

#### **10A NCAC 23A – General Program Administration**

##### **Section .0103 - Quality Assurance**

- 10A NCAC 23A .0103 – Quality Assurance (Readopt)

***See proposed text of this rule in Appendix 1.***

### **Statutory Authority**

G.S. 108A-54, G.S. 108A-54.1B; 42 C.F.R. 431

### **Background**

Under authority of NCGS § 150B-21.3A, Periodic Review and Expiration of Existing Rules, the Department of Health and Human Services, Rules Review Commission, and the Joint Legislative Administrative Procedure Oversight Committee approved the subchapter report with classifications for the rules located at 10A NCAC 23A – General Program Administration. The following rule was classified as necessary with substantive public interest: 10A NCAC 23A .0103. The agency is presenting 23A .0103 for readoption with several minor substantive and non-substantive changes to clarify the eligibility case quality assurance process.

### **Rule Summary and Anticipated Fiscal Impact**

#### **Rule .0103 – Quality Assurance**

10A NCAC 23A .0103 sets out the Division’s process for reviewing eligibility case actions taken by county DSS offices to identify errors and determine responsibility. This quality assurance

function has been shifted from the Division's Recipient Services (now called "Eligibility Services") Section to the Division's Office of Compliance and Program Integrity. This is a substantive change. Other changes to this rule are minor, non-substantive changes that do not impact how the rule is implemented and are intended only to clarify existing language.

#### Fiscal Impact

This shift from the Recipient Services Section to the Office of Compliance and Program Integrity is a substantive change, but it has no fiscal impact because it is cost neutral. The work (and cost) is simply being shifted from one section of the Division to another. All other changes to this rule are minor, non-substantive, technical changes. For that reason, there is no fiscal impact to the federal government, state government, local governments, or private industry associated with the readoption of this rule.

1 10A NCAC 23A .0103 is proposed for readoption with substantive changes as follows:

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3 **10A NCAC 23A .0103 QUALITY ASSURANCE**

4 (a) Active and negative eligibility case actions, as defined by 42 C.F.R. 431.804, which is adopted and incorporated  
5 by reference with subsequent changes or amendments and available free of charge at <https://www.ecfr.gov/>. ~~Case~~  
6 ~~actions~~ taken by the county department of social services are subject to review under by State ~~state~~ and federal quality  
7 control (QC) procedures by the Division's Office of Compliance and Program Integrity (OCPI). ~~procedures.~~ A  
8 statistical sample is shall be selected from both active and negative case actions.

9 (b) The purpose of the QC review is to identify client eligibility errors and erroneous payments resulting from:

- 10 (1) Ineligibility;  
11 (2) Recipient liability understated or overstated by the client or county; ~~overstated;~~  
12 (3) Third-party liability; and  
13 (4) Claims processing errors.

14 (c) A report of an error discovered in a QC case shall be sent to the ~~appropriate~~ county agency for corrective action.

15 (d) If the county agency has verification, as defined by Rule .0102 of this Subchapter, ~~verification~~ that disputes a QC  
16 finding of error, it may submit the verification to OCPI ~~the Recipient Services Section~~ for review. ~~The Recipient~~  
17 ~~Services Section cannot overturn a listed error, but~~ OCPI shall determine whether the error shall be coded client-  
18 responsible, county-responsible, ~~agency-responsible,~~ or State-responsible, ~~state-responsible.~~ Upon its review, OCPI  
19 ~~the Recipient Services Section~~ shall notify the county agency of its decision regarding responsibility for the error.

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21 *History Note: Authority G.S. 108A-54; 108A-54.1B; 42 C.F.R. 431, Subpart P; 431.800;*  
22 *Eff. September 1, 1984;*  
23 *Amended Eff. August 1, 1990;*  
24 *Transferred from 10A NCAC 21A .0501 Eff. May 1, 2012; ~~2012~~.*  
25 *Readopted Eff. May 1, 2019.*  
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