

93.778

**MEDICAL ASSISTANCE PROGRAM**

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**State Project/Program: SICKLE CELL PATIENT SERVICE**

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**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Federal Authorization:** Social Security Act, XIX, As Amended; Public Laws 89-97, 90-248, and 91-56, 42 U.S.C. 1396, et---42 CFR parts 430 through 456, 1002, 1007 seq., as amended; Public Laws 92-223, 92-603, 93-66, 93-233, 96-499, 97-35, 97-248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-112, 103-333, 104-91, 104-191, 104-193, 104-208 and 104-134; Balanced Budget Act of 1997, Public Law 105-33

**State Authorization:** General Assembly of North Carolina 1973 Session Ratified Bill Chapter 570 – House Bill 32  
NC Administrative Code 10A NCAC 43H .0101-.0314  
General Statues 108A-54; 108A-55 (Medical Assistance)

**N. C. Department of Health and Human Services  
Division of Public Health**

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**Agency Contact Person – Program**

Justin Calhoun  
(919) 707-5717  
[Justin.Calhoun@dhhs.nc.gov](mailto:Justin.Calhoun@dhhs.nc.gov)

**Agency Contact Person – Financial**

Patricia Ward  
(919) 707-5075  
[Pat.Ward@dhhs.nc.gov](mailto:Pat.Ward@dhhs.nc.gov)

**Address Confirmation Letters To:**

SFY 2021 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following address:  
<https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>. At this site, click on the link entitled "Audit Confirmation Reports (State Fiscal Year 2020-2021)". Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except "[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2019-2021\)](#)".

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The auditor should not consider the Supplement to be "safe harbor" for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a "safe harbor" for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

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This compliance supplement must be used in conjunction with the OMB 2021 Compliance Supplement which will be issued in the summer. This includes "Part 3 - Compliance Requirements," for the types that apply, "Part 6 - Internal Control," and "Part 4 - Agency Program" requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

### **I. PROGRAM OBJECTIVES**

The North Carolina Sickle Cell Syndrome Program was established to oversee the provision of testing, education, genetic counseling, psychosocial support, medical referral and specialty care services for patients diagnosed with sickle cell syndrome and other abnormal hemoglobin. The objective is to reduce the morbidity and mortality associated with these disorders and to increase the quality of life for those affected. This is accomplished through a vigilant newborn screening component and supportive care coordination throughout the life cycle of the patient. Patient education and genetic counseling are major components of the Sickle Cell Syndrome Program. In addition, education about sickle cell disease and prevention is extended to communities throughout North Carolina.

### **II. PROGRAM PROCEDURES**

Funds are allocated from the N.C. General Assembly and Medicaid administrative match. The contracts are awarded to three governmental institutions and as a sole source waiver to three major medical centers because of the medical expertise of their staff, their access to research studies and their geographic locations through the State. A Request for Applications (RFAs) process was used to fund community based sickle centers. These centers were founded through the efforts of local citizens who were concerned about sickle cell patients in their local areas. They were originally funded through the ratification of House Bill 32 in 1973. Currently, one community based center is funded under the current Request for Applications.

This program is partially funded with Medicaid Administrative funds, which are subject to certain compliance requirements not specifically addressed within this supplement. The Auditor should refer to Supplement #93.778-1 written by the DHHS/Division of Medical Assistance to apply audit testing with respect to the Medicaid Administrative funds as described therein.

Funds that are awarded to the subrecipient are comprised of State and Medicaid administrative funds. The proportion for FY 2020-2021 is 67% State and 33% Medicaid. Federal funds drawn by the State supporting this activity must only be used for Medicaid recipients. The subrecipient has no requirement to account separately for federal and State dollars in its budget and expenditures. The authorization for the Division of Public Health to draw the Medicaid administrative funds comes through a memorandum of agreement with the Division of Medical Assistance, DHHS. A copy of this agreement may be obtained from Susan Haynes Little, DNP, RN, PHNA-BC, CPH, CPHQ, CPM at the Division of Public Health, (919) 707-5131.

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### III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2021 Compliance Supplement; however, the State Agency may have added the Type and this is noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2021 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/ Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	Y	N	N	Y	N	Y	Y	Y

#### A. Activities Allowed or Unallowed

Sickle Cell funds may be used only for the purpose of providing direct patient services that include education, counseling, and case management services. This is a general statement; therefore, it is necessary to refer to each contract and its Attachment B – Scope of Work.

#### B. Allowable Costs/Cost Principles

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M.0401.

#### E. Eligibility

Testing, education, counseling, and care coordination services are provided at no charge to all eligible persons requesting services. However, financial assistance for medical

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services is provided based on eligibility requirements stated in the NC Administrative Code (NCAC), 10A NCAC 43H.0110 Eligibility requirements. They are as follows:

- A. Eligibility requirements for medical services shall be based on income and diagnosis. In order to be considered for medical services, the individual must be diagnosed as achieving one of the following disorders:
  - a) Sickle cell anemia,
  - b) Sickle cell hemoglobin D disease,
  - c) Sickle cell hemoglobin C disease,
  - d) Sickle cell beta thalassemia, or
  - e) Sickle cell hemoglobin that coexist with other abnormal hemoglobin with symptomatic abnormal clinical manifestations.
  
- B. Financial eligibility for sickle cell syndrome program medical services shall be determined in accordance with rules found in the NC Administrative Code 10A NCAC 45A.

### **F. Equipment and Real Property Management**

Equipment must be accounted for in accordance with the North Carolina Department of State Treasurer Policies Manual, Chapter 20, Fixed Assets Policy.

Title to equipment costing in excess of \$2,500.00 acquired by the Contractor with funds from this contract shall vest in the contractor, subject to the following conditions.

- 1. The Contractor shall use the equipment in the project or program for which it was acquired as long as needed. When equipment is no longer needed for the original project or program or if operations are discontinued, the Contractor shall contact the Department of Health and Human Services, Division of Public Health, for written instructions regarding disposition of equipment.
- 2. When acquiring replacement equipment, the Contractor may use the equipment to be replaced as trade-in against replacement equipment or may sell said equipment and use the proceeds to offset the costs of replacement equipment subject to written approval of the Division of Public Health.
- 3. For equipment costing in excess of \$2,500.00, equipment controls and procedures shall include at a minimum the following:
  - a) Detailed equipment records shall be maintained which accurately include the:
    - i. Description and location of the equipment, serial number, acquisition date/cost useful life and depreciation rate.
    - ii. Source/percentage of funding for purchase and restrictions as to use or disposition.
    - iii. Disposition data, which includes date of disposal and sales price or method used to determine fair market value.
  - b) Equipment shall be assigned a control number in the accounting records and shall be tagged individually with a permanent identification number.
  - c) Biennially, a physical inventory of equipment shall be taken and results compared to accounting and fixed asset records. Any discrepancy shall immediately be brought to the attention of management and the governing board.

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- d) A control system shall be in place to ensure adequate safeguards to prevent loss, damage, or theft of equipment and shall provide for full documentation and investigation of any loss or theft.
  - e) Adequate maintenance procedures shall be implemented to ensure that equipment is maintained in good condition.
  - f) Procedures shall be implemented which ensure that adequate insurance coverage is maintained on all equipment. A review of coverage amounts shall be conducted on a periodic basis, preferably at least annually.
4. The Contractor shall ensure all subcontractors are notified of their responsibility to comply with the equipment conditions specified in this section.

Prior written approval from Department must be obtained before purchasing equipment valued over \$2,500.00. Institutions of higher education, hospitals, and other non-profit organizations shall use procurement procedures that conform to applicable federal law and regulations and standards identified in OMB 2 CFR Part 200. All non-federal entities shall follow federal laws and implement regulations applicable to procurements, as noted in federal agency implementation of the OMB 2 CFR Part 200 and Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200.

### G. MATCHING, LEVEL OF EFFORT, EARMARKING

This is a requirement in the Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200 federal supplement. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

### H. Period of Performance

This is a requirement in the Title 2 Code of Federal Regulations, Chapter I, Chapter II, Part 200. However, the State retains responsibility for this requirement and thus chooses not to pass it along to any of its subrecipients.

### I. Procurement and Suspension and Debarment

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform with federal agency codifications of the grants management common rule accessible on the Internet at [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl).

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at [http://www.pandc.nc.gov/documents/Procurement\\_Manual\\_5\\_8\\_2013\\_interactive.pdf](http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf).

*Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.*

### L. Reporting

#### **Financial Reporting:**

Monthly expenditure reports (DHHS 2481): The Contractor shall submit to the Division a monthly reimbursement request and, upon approval by the Division, receive payment within 30 days. The original expenditure report, DHHS 2481, shall be submitted to the

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Division Contract Administrator. The Contractor shall have up to thirty (30) days from last day of contract for close out (UNC contracts have 60 days), completion and submission of the final monthly expenditure report related to this contract period. If this contract is terminated, the Contractor is required to complete a final accounting report and to return any unearned funds to the Division within 60 days of the contract termination date. All payments are contingent upon fund availability.

### **Performance Reporting:**

Contractors, community-based organizations, are required to submit all client data in the NC DPH WCS-Web database from June 1st, to May 31st and an end of year narrative report (see Community-based Organization Contract Attachment for details). The medical center contractors are also required to submit all patient data in the NC DPH WCS-Web database from June 1<sup>st</sup> to May 31<sup>st</sup> and an annual program report (see Medical Center Contract Attachment for details).

#### **M. Subrecipient Monitoring**

Organizations may contract with other agencies to provide allowable services. Unless services are obtained on other than fee for service contracts, the auditor does not need to audit for this requirement. (Reference Section C (1) (c and d) of the Consolidated Agreement between the local health department and the Division of Public Health)

#### **N. Special Tests and Provisions**

The medical center contractors are contracted to provide initial diagnostic visits for newborns diagnosed with abnormal hemoglobin. The medical center contractors are contracted to provide the processing fees associated with the hemoglobinopathy screening of biological parents of newborns. The parents cannot be billed for these costs.

### **Suggested Audit Procedures**

The auditor must get a list of children's names that have been seen for the first time and verify with the billing office that they were not charged for that evaluation. The list will be provided by the pediatric hematologist's office at the medical center.

### **Conflicts of Interest and Certification Regarding No Overdue Tax Debts**

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are subject to the financial reporting requirements of G. S. 143C-6-23 for fiscal years beginning on or after July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6-23(b)) and a written statement (if applicable) completed by the grantee's board of directors or other governing body that the entity does not have any overdue tax debts as defined by G. S. 105-243.1 at the federal, State or local level (see G. S. 143C-6-23(c)). All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the sub grantee accountable for the legal and appropriate expenditure of those State grant funds.