

STATE/COUNTY SPECIAL ASSISTANCE FOR ADULTS

State Authorization: Code of Federal Regulations, Title 20, Volume 2, Part 416:
 20 CFR 416.1100-.1182, 20 CFR 416.1201-.1266, 20 CFR 416.

 HHS-approved Medicaid State Plan
 G.S. 108A Art. 2. Part 3. §§108A-40 to 108A-47
 10 NCAC 47A §§.0100 - .0500 and 10 NCAC 47B §§.0100 - .0400

**N. C. Department of Health and Human Services
 Division of Aging and Adult Services**

Agency Contact Persons:

Program

Geoff Santoliquido
 Program Administrator
 (919) 733-3818
Geoff.Santoliquido@ncmail.net

Financial

Bob Harrell
 Budget Officer
 (919) 733-8930
Bob.Harrell@ncmail.net

N. C. DHHS Confirmation Reports:

SFY 2006 audit confirmation reports for payments made to Counties, Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Subrecipients will be available by around late August to early September at the following web address:
<http://www.dhhs.state.nc.us/control/>
 At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2005-2006)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2003-2005).”

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.

I. PROGRAM OBJECTIVES

Special Assistance (SA) provides a cash supplement to help low-income individuals residing in adult care homes (rest homes) pay for their care. The program was designed to provide mandatory supplementation of income in order to assure that each recipient of Aid to the Aged or Disabled in December 1973 receives no less income, beginning January 1974 than he was receiving in December 1973, as a result of conversion to Supplemental Security Income. Also, the program provides optional supplementation of income to eligible aged and disabled individuals who applied on or after January 1, 1974.

Approved counties may also provide supplemental payments to “Certain Disabled” individuals. These recipients are adults between the ages of 18 and 64, living in private living arrangements, who are unemployable because of an impairment, but who have not been able to meet the Supplemental Security Income (SSI) disability requirement.

In addition, effective May 1, 1999 this program covers those individuals otherwise eligible for Special Assistance payments who reside in licensed and approved Hospice residential facilities. There are currently twelve hospice programs with residential units in the State which have met the licensure criteria, signed a memorandum of understanding, and completed the civil rights agreement, and thus are authorized to accept Special Assistance payments.

II. PROGRAM PROCEDURES

The two major recipient categories of the Special Assistance program are Special Assistance for the Aged (SAA), for recipients age 65 or older, and Special Assistance for the Disabled (SAD), for recipients between the ages of 18 and 64. Recipients in both categories must be residing in an adult care home and meet other eligibility requirements.

Funding for this program is 50% state and 50% county funds for benefits and 100% county funds for administration of the program. The amount of State funds available statewide is established by the NC General Assembly for each fiscal year. The county match is required. Each month, benefits paid are tracked by the Eligibility Information System (EIS). This data is used by the Division of Information Resource Management (DIRM) to produce the "Warrant Calculation Worksheet", which breaks the monthly program expenditures down by county, showing the State and county shares of the cost. The same DIRM program that creates the Warrant Calculation Worksheet creates Electronic Benefits Transfer files for each county, which are provided to the Program/Benefit Payments Section of the DHHS Controller's Office. These files are in turn, transmitted to the Office of Information Technology Common Payment System, which drafts the individual county DSS accounts via Electronic Funds Transfer for the county share of the monthly program expenditures. The county DSS reports administrative costs, via the DSS-1571 process, to the County Accounting Section of the Controller's Office.

Individuals or their representatives apply for benefits at the county department of social services in the county in which they reside. The applicant/representative (a/r) may request assistance by mail or telephone, but will be asked to come to the DSS office for an application interview. The a/r must provide the names of collaterals such as landlords, employers, businesses, organizations and others that have knowledge of his situation, or that can provide factual information necessary to enable the county caseworker to determine eligibility. The a/r must also report to the county DSS any changes in his situation that may affect his eligibility for assistance within five days of the change. If the applicant is not receiving SSI, or has not been denied SSI due to excess income, he is asked to apply for SSI benefits. The application may be pended for up to twelve months, or until the SSI is approved or disapproved. NOTE: Verification of income and reserve by the county caseworker for SSI recipients is not required, beyond confirming receipt of SSI and documentation of income amounts via the State Data Exchange. (See Special Assistance for Adults Manual: SA-3110, SA-3300, and SA-3310.) Copies of the State/County Special Assistance Manual are available online at the manuals website of the Division of Aging and Adult Services at <http://info.dhhs.state.nc.us/olm/>.

Eligibility is determined by a caseworker who enters the application data into, and maintains the case through the Eligibility Information System (EIS). Verification of applicant/recipient income, resources, and other factors affecting eligibility is made through a variety of means, including the Income Eligibility Verification System (IEVS), telephone contacts, and correspondence. The county DSS must process an application for SAA within 45 days, and an application for SAD within 60 days, unless there is a delay by the Social Security Administration in determining eligibility for SSI. In such cases, the application may be pended up to twelve months. When the necessary information is received after the deadline, the decision is made within five workdays. Benefit payments, Medicaid cards and required notices are automatically generated by EIS based on information entered by the caseworker.

(See Special Assistance for Adults Manual: SA-3100; SA-3110; SA-3200; SA-3210; SA-3220; SA-3230; SA-3240; SA-3250; SA-3300; SA-3400.)

Any applicant/recipient or his legal representative who gives away or sells resources for less than current market value may be ineligible for Special Assistance under a transfer sanction. (See Special Assistance for Adults Manual: SA-3205.)

The effective date of eligibility is the first day a recipient meets all the eligibility requirements, up to but not before, the first day of the month of application. If the recipient is in the adult care home the first day of the month, but meets all the other requirements (with the exception of the NC residency requirement for SA, the resource limit, or the FL-2 requirement) after the first day of the month, he is eligible for a full-month's benefit. If he enters the adult care home, meets the NC residency requirement for SA, spends down excess resources, or obtains a physician signed FL-2 after the first day of the month, he is eligible for a pro-rated payment for the first month of eligibility. A recipient of SA is automatically eligible for full Medicaid, effective the first month of SA eligibility. An SA recipient may also receive Medicaid up to three month prior to the application month, if he would have met the eligibility requirements (for SA or Medicaid) during those months, had he applied. SA payments cannot be authorized for months prior to the application month. (See Special Assistance for Adults Manual: SA-3250, SA-3300, SA-3310.)

Checks and Medicaid cards for active cases are printed in advance of the benefit month, near the end of the printing month in "regular runs". They are mailed the last workday of the printing month. The last day to make changes in a case/benefits to be effective the next calendar month is the day of the "regular run". This is known as the "program cut-off deadline". The fourth workday from the end of the month is called the "pull cut-off deadline". Changes made to cases/benefits between the "program cut-off deadline" and the "pull cut-off deadline" initiate the "pull/reissue" process during which checks and/or Medicaid cards printed in error may be manually pulled and voided, and if necessary, re-issued. Re-issued checks and Medicaid cards are printed the first workday of the next month in the big "straggler run". Checks and Medicaid cards printed during the "regular run" are mailed to the address specified by the applicant/representative (a/r), usually the adult care home in which the recipient resides. Replacement checks/Medicaid cards and supplemental checks are printed on a daily basis. Replacement checks are mailed to the county department of social services, where they are forwarded to the recipient. (See Special Assistance for Adults Manual: SA-3300; SA-3310; SA-3330; See EIS Manual, Vol. III.)

Notices for benefit approval, denial, termination and changes in benefits are normally generated automatically by EIS, however manual notices may sometimes be required. Recipients must be given 10 days advance notice, prior to the effective date of any reduction or termination of benefits, with few exceptions. Changes beneficial to the recipient require only "adequate" notice; that is, the change may be effective immediately upon issuance of the notice. Applicants and recipients may request hearings, and, in the case of reductions and terminations, continued benefits pending hearings, in situations where they do not feel their eligibility or benefit amount has been correctly determined. Specific procedures apply for requesting and conducting hearings. (See Special Assistance for Adults Manual: SA-3330; SA-3340.)

The applicant/recipient or his representative is required to report all changes in his situation that may affect eligibility to the county DSS within five days. An agency designee must investigate suspected cases of fraud or misrepresentation. Overpayments are to be recouped, when appropriate, according to instructions found in the Special Assistance for Adults Manual. Overpayments resulting from county or State errors may only be recouped if the recipient was properly notified of the correct amount that he was to receive. Underpayments due to county or State error must be reimbursed to the recipient per instructions in the Special

Assistance for Adults Manual. (See Special Assistance for Adults Manual: SA-3330; SA-3410.)

Eligibility must be redetermined at least once every twelve months before the recipient receives his thirteenth benefit payment. Redeterminations must also be conducted upon notice of changes in the recipient's situation that could affect eligibility, such as changes in income, residence, termination of SSI, etc. The caseworker conducts the eligibility review, enters the required information into EIS, recalculates the benefit, if eligible, and documents the outcome of the review. SSI recipients do not have to sign a renewal application. (See Special Assistance for Adults Manual: SA-3300; SA-3310; SA-3330.)

III. COMPLIANCE REQUIREMENTS

Crosscutting Requirements

The compliance requirements in the Division of Social Services "Cross-Cutting Requirements" in Section D (DSS-0) are applicable to this grant.

1. Activities Allowed or Unallowed

Compliance Requirement - Special Assistance payments may be approved for eligible aged or disabled adults living in adult care homes (including Hospices through the MOU) licensed by the Department of Health and Human Services, and which have signed a civil rights compliance statement. County DSS caseworkers conduct application interviews and verify eligibility using the Income Eligibility Verification System and other methods, process and dispose of applications via the Eligibility Information System, document case data, contacts, correspondence, and activities, and conduct periodic eligibility reviews for Special Assistance. County DSS caseworkers also determine Medicaid eligibility in conjunction with the provision of Special Assistance. Detailed descriptions and procedures for the allowed activities are found in the Special Assistance for Adults Manual.

Audit Objective – Assure that eligibility criteria are being applied correctly and that there is documentation to support the eligibility determination.

Suggested Audit Procedures - Review a sample of client records and determine if documentation exists that verifies the above activities occurred. Eligibility determination (initial and review) and verification is documented on either the DSS-8190S (State/County Special Assistance for Adults Workbook for SSI Recipients Only) or the DSS-8190NS (State/County Special Assistance for Adults Workbook for Non-SSI Recipients Only). Retroactive Medicaid eligibility and verification is documented on the DMA-5008 (Verification/Eligibility Determination for Medical Assistance Applications – Adult Categories). Client and collateral contacts should be documented in the case record through a variety of means. See Special Assistance for Adults Manual (Appendix A) for a listing of other specialized forms for documentation of case activity.

4. Conflict of Interest

Compliance Requirement - G.S. 108A-47. Limitations on Payments prohibits payment of SA benefits to any recipient in the care of an adult care home that is owned or operated in whole or in part by: (1) a member of the Social Services Commission, of any county board of social services, or of any board of county commissioners; (2) an official or employee of DHHS, unless said official or employee has been appointed temporary manager of the adult care home pursuant to G.S. 131E-237, or of any county department of social services; or (3) a spouse of a person designated in either (1) or (2).

Audit Objective – To ensure State/County Special Assistance is being administered according to statute and free from conflict of interest.

Suggested Audit Procedures - Ascertain that the county DSS has a conflict of interest/disclosure policy that addresses ownership in whole or in part by any member of the county board of social services or any employee of the county DSS, or the spouse of any employee or board member. Discuss ownership of licensed adult care homes located in the county and conflict of interest policy with the county DSS Adult Home Specialist and Adult Placement Services social workers to ascertain their knowledge of G.S. 108A-47 and measures taken to insure enforcement of the Statute.

5. Eligibility

Compliance Requirement - Eligibility criteria for State/County Special Assistance are varied and complex, depending on category of receipt, SSI eligibility, and individual client characteristics, however the basic criteria are as follows:

Former recipients of Aid to the Aged or Disabled in December 1973 are automatically eligible for SA provided they continue to meet the eligibility requirements. Other individuals may be eligible for SA for the Aged (SAA) or SA for the Disabled (SAD).

Session Law 2005-276, ratified August 13, 2005 created a new maximum facility rate for SA recipients residing in Adult Care Homes Special Care Units (SCU's) for Alzheimer's or Related Disorders. This rate is referred to as the SA SCU rate. All other SA/ACH rates are from now on referred to as the SA Basic Rate.

All SA/ACH (Basic and SCU) recipients must meet the following eligibility criteria:

- are aged 65 or older, or
- are between the ages of 18 and 64 and meet the Supplemental Security Income (SSI) definition of disability
- are residing in an approved adult care home
- are a US citizen or alien qualified to receive benefits
- meet the NC residency requirement for SA
- meet the income and assets tests
- have a current FL-2/MR-2 that is signed and dated by a physician

Additional requirements for recipients to receive the higher SCU rate include the following:

- The FL-2 must show a diagnosis of Alzheimer's or related disorder.
- The recipient must reside in a licensed ACH Special Care Unit.
- The SCU rate is applicable the date of entry into the SCU if all eligibility criteria are met.

In a few counties, individuals between the ages of 18 and 64 who do not meet the SSI definition of disability, but are living in a private living arrangement, and are unemployable because of an impairment, may receive SA for the Certain Disabled (SCD), provided they:

- are a US citizen or alien qualified to receive benefits
- meet the NC residency requirement for SA
- meet the income and assets tests

Eligibility for benefits and documentation requirements are outlined above under I. PROGRAM OBJECTIVES and II. PROGRAM PROCEDURES headings, and in the

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State/County Special Assistance for Adults Manual (available in the county department of social services and online.)

Income eligibility and benefit payment amount for SA is based on the individual’s Countable Income and the current maximum rate that an adult care home can charge recipients of SA. The maximum rate is set by the NC General Assembly. The current maximum SA Basic rate is \$1,118 per month*, which became effective October 1, 2005. The Personal Needs Allowance, also established by the NC General Assembly, increased to \$46 effective October 1, 2003. Special Assistance Basic payments are determined as illustrated by the example below.

Current SA/ACH Basic Rate	\$ 1,118.00
Personal Needs Allowance	+ 46.00
Maintenance Amount	\$ 1,164.00
Countable Income (after all exclusions and deductions, Including the \$20 General Income Exclusion difference)	<u>- 791.82</u>
SA payment (difference rounded to the nearest dollar)	\$ 372.18
	\$ 372.00

The maximum rate is set by the NC General Assembly. The current maximum SA SCU rate is \$1,515 per month*, which became effective October 1, 2005. The Personal Needs Allowance, also established by the NC General Assembly, increased to \$46 effective October 1, 2003. Special Assistance SCU payments are determined as illustrated by the example below.

Current SA SCU Rate	\$ 1,515.00
Personal Needs Allowance	+ 46.00
Maintenance Amount	\$ 1,561.00
Countable Income (after all exclusions and deductions, Including the \$20 General Income Exclusion difference)	<u>- 791.82</u>
SA payment (difference rounded to the nearest dollar)	\$ 769.18
	\$ 769.00

If the difference between the individual’s Maintenance Amount and the Countable Income is \$0.49 or less, the difference is rounded to \$0.00 and the individual is not eligible for Special Assistance. Differences between \$0.50 and \$4.49 are rounded to payment amounts of \$1.00, \$2.00, \$3.00, or \$4.00, as appropriate. Differences between \$4.50 and \$4.99 are rounded up to a payment amount of \$5.00. Individuals eligible for SA payments of \$1.00 to \$4.00 are eligible for SA (and Medicaid), but will not receive a check. The minimum SA payment to qualify for receipt of an SA check is \$5.00.

The following table illustrates eligibility “cut-off” and payment amounts for SA Basic recipients, based on Countable Income and the current maximum allowable rate of \$1,164 per month:

<u>If Countable Income is:</u>	<u>the applicant/recipient is:</u>
\$1,159.50 or less	income eligible and will receive an SA payment (\$5.00 or more)
\$1,159.51 to \$1,163.50	income eligible, but will not receive an SA payment (SA payment amount = \$4.00 to \$1.00, which is below the \$5.00 minimum)
\$1,163.51 or more	ineligible based on income (SA payment amount = \$0.00)

The following table illustrates eligibility “cut-off” and payment amounts for SA SCU recipients, based on Countable Income and the current maximum allowable rate of \$1,561 per month:

<u>If Countable Income is:</u>	<u>the applicant/recipient is:</u>
\$1,556.50 or less	income eligible and will receive an SA payment (\$5.00 or more)
\$1,556.51 to \$1,560.50	income eligible, but will not receive an SA payment (SA payment amount = \$4.00 to \$1.00, which is below the \$5.00 minimum)
\$1,560.51 or more	ineligible based on income (SA payment amount = \$0.00)

*NOTE: The maximum rate that an adult care home can charge those individuals who applied for SA prior to October 1, 1995, and have been continuously receiving since then, and provided their total countable monthly income, as of Sept. 30, 1995, was \$871 or greater, is \$1,231 per month for Ambulatory and Semi-ambulatory residents. As of November 1, 2005 there are only four recipients in this group.

As described under II. PROGRAM PROCEDURES heading above, eligibility verification, application processing and case disposition, maintenance, and tracking are all performed through utilization of the State’s automated systems for client eligibility and benefit payment. Descriptions of, and instructions for use of these systems (including IEVS and EIS) can be found in the Special Assistance for Adults Manual and the EIS User’s Manual, both available in the county department of social services and online.

For details concerning eligibility determination, verification, computerized case disposition, approval and tracking, and benefit calculations, see Special Assistance for Adults Manual: SA-3100; SA-3110; SA-3200; SA-3205; SA-3210; SA-3220; SA-3230; SA-3240; SA-3250; SA-3300; SA-3310; SA-3400.

Audit Objective – To ensure that the eligibility requirements are being administered appropriately based on program procedures.

Suggested Audit Procedures –

- A. Select a sample of case records for review of eligibility determination and benefit calculation.
- B. Review eligibility and verification documents as described under III. 1. Activities Allowed or Unallowed heading above.
- C. Confirm that eligibility periods and payment amounts documented in the case records correspond to data in the EIS system.
- D. Assure that benefits paid to the individuals were calculated correctly and in compliance with the Special Assistance program requirements.
- E. Confirm that notices regarding eligibility and benefits were sent to the applicant/recipient as required and in a timely manner.

- F. Confirm that case records contain copies of a valid FL-2 or MR-2 recommending “rest home level of care” for the periods of eligibility in accordance with program policies (see Special Assistance for Adults Manual: SA-3100; SA-3110).
 - G. Confirm that benefits were discontinued in a timely manner when the period of eligibility expired, in those cases where appropriate.
7. Matching, Level of Effort, Earmarking

Compliance Requirement

Matching

Compliance Requirement - Funding for benefits under this program come from 50% state funds, and requires a 50% county match. Administrative costs are funded with 100% county dollars.

Audit Objective - Insure that State funds received for this program are matched appropriately by the county.

Suggested Audit Procedure – Review the financial records of the county concerning this program and determine whether required matching has taken place relative to funds received for this program. These records should be located at the county DSS or the county’s Finance Office.

Earmarking

This does not apply to the State/County Special Assistance Program for Adults.

Level of Effort

This does not apply to the State/County Special Assistance Program for Adults at the local level.

12. Reporting

DSS-0 crosscutting requirements apply. The county departments of social services report information about applicant eligibility and recipient payments via the Division of Social Services’ Eligibility Information System (EIS). Fiscal reporting is conducted via the DSS-1571.

13. Subrecipient Monitoring

Subrecipient monitoring is conducted in accordance with the DHHS Policy and Procedure Manual for Monitoring of Programs. Subrecipients are monitored no less frequently than once every three years. The DHHS Policy and Procedure Manual for Monitoring of Programs can be obtained from the DHHS Controller’s Office, 616 Oberlin Road, 2019 MSC, Raleigh, NC 27699-2019. A copy of the NC Division of Aging and Adult Services’ monitoring plan can be obtained from the Budget and Information Office of the NC Division of Aging and Adult Services, 2101 Mail Service Center, Raleigh, NC 27699-2101, telephone: 919-733-8390.