

STATE/COUNTY SPECIAL ASSISTANCE

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HHS-approved Medicaid State Plan
G.S. 108A-25; §108A-40 to 108A-47.1
10 A NCAC 71P

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

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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 web 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 the NC DHHS are found at the same website except select “[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2019-2021\)](#)”.

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.

I. PROGRAM OBJECTIVES

- A. State/County Special Assistance was established by NC G.S. 108A-25 and G.S. 108A-40 to 108A-47.1. The rate that facilities are allowed to charge SA residents monthly is established by the NC General Assembly. The 2020-2021 rate for “basic” facility room and board and SA/IH is \$1,182. The rate is \$1,515 for recipients residing in licensed special care dementia units in certain adult care facilities. In

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addition, each recipient receives \$46 for personal needs months. This rate is also established by the General Assembly.

B. There are three components of the Special Assistance (SA) Program:

1. **SA** provides a cash supplement to help low-income individuals residing in certain licensed residential facilities pay for the cost of room and board in the facility. SA is an entitlement program available in every county. Individuals who qualify receive the benefit. Residents with a diagnosis of Alzheimer's or a related disorder may reside in a licensed Special Care Unit in a licensed residential facility and may be eligible for the higher rate of cash assistance. Recipients of SA residing in residential facilities are automatically eligible for full Medicaid, effective the first month of SA eligibility.

To receive SA, recipients must live in duly licensed facilities with signed Civil Rights Agreements. For a list of facility types that are eligible, refer to the State and County Special Assistance Manual Eligibility Requirements, <https://policies.ncdhhs.gov/divisional/aging-and-adult/special-assistance/sa3100-eligibility-requirements.pdf> The Division of Aging and Adult Services (DAAS) monitors and receives signed Civil Rights Agreements. DAAS staff then enters the receipt of the Civil Rights Agreement into the facility entry in NC FAST. Workers are able to see that all facility requirements are met and can approve an eligible SA case and affiliate the case with a specific facility. Note: For potential NC FAST living arrangement defects, the county worker should contact DAAS via the DAAS ListServ regarding facility verification. Response should be maintained and attached to the case.

2. **The SA In-Home Program** provides a cash supplement to help low income adults who are at risk of entering a residential facility, but who prefer to remain at home. Recipients must have both a financial need and a need for services. All counties must participate in the Special Assistance In-Home (SA/IH) program. Counties may choose to cap the number of cases/slots they make available. Some counties maintain a waiting list.

The supplement is to assist with living expenses related to health and safety such as food, shelter, clothing, and other daily necessities. SA/IH recipients must *first* qualify for full Medicaid (categorically needy). The supplemental payment amount that an SA/IH beneficiary can receive is a maximum of 100% of the amount that the same individual would receive to pay for care at the State SA Basic facility rate.

Social workers in the adult services unit or mental health agency professionals conduct an economic assessment in the home to determine the amount of the payment up to the maximum for which the individual is eligible. The income maintenance caseworker determines the maximum amount and provides this information to the social worker or mental health professional.

3. Approved counties may also provide supplemental payments to "Certain Disabled" individuals. These recipients are adults ages 18 through 64, living in private living arrangements, who are unemployable because of an impairment, but who do not meet the Supplemental Security Income (SSI) disability requirement. Recipients of Certain Disabled payments are not eligible for Medicaid.

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AUDITOR: For audit sample size and instructions see III. Compliance Requirements; #5 Eligibility.

II. PROGRAM PROCEDURES

- A. County workers can access policy requirements related to SA through the Integrated Eligibility Manual (IEM) found at economicbenefits.nc.gov and the SA Policy Manual [Special Assistance Table of Contents](#). Procedures and policy are announced through Administrative Letters, Dear County Director Letters, and Change Notices are posted on the IEM website. Please refer to the IEM and the SA Policy Manual website for the appropriate section for specific policy.
- B. The two major recipient categories for both SA and SA/IH are;
 - 1. SA for the Aged (SAA), for recipients age 65 or older, and
 - 2. SA for the Disabled (SAD), for recipients ages birth through age 64. Recipients under the age of 18 must meet the criteria for legal blindness and reside in specified facilities
- C. Funding for the payments to recipients is 50% State and 50% county. The amount of State funds available statewide is established by the NC General Assembly for each fiscal year. The county is required to match 50%. Each month, benefits paid through and tracked by the NC FAST System. Reports found in NC XPTR, commonly called "Warrant Calculation Worksheet", and entitled DHRWFA WRNT CAL WRK1 ACCUM WF22 and DHRWFA WRNT CAL WRK2 ACCUM WF25 sorts the monthly program expenditures by county, showing the State and county shares of the cost.
- D. The Division of Aging and Adult Services monitors each county DSS a minimum of every three years. Each cycle DAAS targets a specific eligibility area for monitoring.

E. Applications

A DAAS 8190, State/County Special Assistance application must be completed and signed for all Special Assistance applications, including courtesy applications. Any county should take a courtesy application if the applicant presents in that county to place an application. This allows the applicant to apply without delay. The county should immediately contact the official county of eligibility and transfer the application. The non-resident county does not have to verify with the county of residence that a SA application will be accepted. Applications for SA and SA-IH must be processed in the county of eligibility. This is the county where the applicant last resided in a private living arrangement or for SA/IH, where the individual currently resides in private living. The county of residence for eligibility is responsible for processing the application and for ongoing case maintenance. 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.

Workers are required to complete a DAAS-8190 as the intake interview document and must be signed by the applicant or his/her representative. (See forms: <https://policies.ncdhhs.gov/>) This form includes the documentation of eligibility in all areas. Eligibility is determined by a caseworker who enters the application data into and maintains the case through NC FAST. The county DSS must enter all applications

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into NC FAST within three workdays from the date of application. The county DSS must process an application for SAA within 45 days of the date of application, and an application for SAD within 60 days of the date of application, unless there is a delay by the Social Security Administration in determining eligibility for Social Security Disability, Retirement, Survivors Benefits or 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.

F. Financial Eligibility

1. Applicants/recipients must meet strict financial requirements. Caseworkers must explore all income sources and financial resources/assets including bank accounts (for “first moment balances” and history of transactions and transfers), property searches and other forms of exploration and verification.
2. 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 or other official electronic or paper documents.
3. Caseworkers must explore if any applicant/recipient or his legal representative who gives away or sells resources for less than current market value may be ineligible for SA under a transfer sanction.
4. Notices for benefit approval, denial, termination and/or changes in benefits are normally generated automatically; however manual notices may sometimes be required. Recipients must be given 10 working 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, verbally and/or in writing, and, in the case of reductions and terminations, are eligible to receive continued benefits pending local hearing–decision; this request may include but is not limited to, situations where they do not feel their eligibility or benefit amount has been correctly determined. Specific procedures apply for requesting and conducting hearings.
5. In circumstances where an eligibility factor is questionable, the a/r must provide the names of collaterals such as landlords, employers, businesses, organizations and others that have knowledge of his/her situation, or that can provide factual information necessary to enable the county caseworker to determine financial eligibility. The a/r must also report to the county DSS any changes in his/her situation that may affect his/her eligibility for assistance within five (5) calendar days of the change. If the applicant is not receiving SSI or has not been denied SSI due to excess income, he/she must apply for SSI benefits. If the applicant has an application for SSI/SSDI pending with SSA, the application can continue pending for up to 12 months awaiting the SSA decision. If the applicant is receiving SSI but not at the full federal benefit rate, he/she must apply for the federal benefit rate.

G. FL-2

Each SA recipient must have an FL-2 signed and dated by a physician, physician assistant, or nurse practitioner recommending domiciliary care or other synonymous term. *Domiciliary care* is a term that includes care provided in ACHs, assisted living, supervised living, mental health group homes, hospice residential facilities, or specialized community residential centers.

H. Reporting Requirement

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 (5) calendar days following the date of the change. An agency designee must investigate suspected cases of fraud or misrepresentation. Overpayments are to be recouped, when appropriate, according to instructions found in the Integrated Eligibility Manual, Section 16010. Overpayments resulting from county or State errors may 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 Integrated Eligibility Manual.

I. Redeterminations

All aspects of 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 via a DAAS 8191 (client/client representative signed), enters the required information into NCFAST which recalculates the benefit, if eligible, and documents the outcome of the review.

J. Program Procedures Specific to SA Facility Cases

1. The effective date of eligibility is the first day a recipient meets all the eligibility requirements, as of the first moment (12:01 a.m.) of the first day of the month. If the recipient is in the licensed facility authorized to receive SA payments on the first day of the month and 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, the client is not eligible for a full-month's benefit. He/she is eligible for a pro-rated payment for the first month of eligibility.
2. At application the FL-2 must be dated no more than 90 calendar days prior to the date of application to be considered valid if the applicant is not already a resident of an SA facility. If the applicant resides in an SA facility prior to the date of the SA application, and has a valid FL-2, the FL-2 cannot be dated more than 365 days prior to the processing deadline for the SA application.
3. Medicaid

A recipient of SA (facility only) is automatically eligible for full Medicaid, effective the first month of SA eligibility.

K. Program Procedures Specific to SA In-Home

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1. To qualify for the SA/IH Program, the applicant/beneficiary (a/b) must have a financial need and a service need. The applicant/recipient must live in a private living arrangement and be living alone, or with others. The a/b does not have to live in his/her own home. "Private living arrangement" means a private home, apartment, congregate housing, multi-unit housing with services, public or subsidized housing, shared residence, or rooming house. The application must be referred immediately to the adult services social worker to verify the private living arrangement, conduct a comprehensive assessment including an economic assessment to determine the actual payment up to the maximum payment.
2. The applicant/beneficiary must qualify for full ABD categorically needy Medicaid to receive SA/IH.
3. Maximum SA/IH Payment

The payment standard for the SA/In-Home payment is a maximum of 100% of the amount that the same individual would receive to pay for care at the SA Basic Rate in a licensed facility authorized to receive SA payments. The payment may actually be less, depending on the comprehensive needs assessment and the service plan developed by the social worker in conjunction with the client, his/her family, and other significant parties. Eligible individuals receive a monthly cash payment for an amount up to 100% of the SA/ACH Basic Maintenance amount (\$1,228.00 effective 10/1/09 and current January 1, 2021), depending upon their specific needs identified through assessment and development of a care plan. The auditor should review the social worker's written communication to the caseworker regarding eligibility and payment amount.

The a/b's total countable monthly income is subtracted from the SA maintenance amount, which is currently \$1,228.00. The actual payment is determined by the service case manager and through financial assessment. SA/IH payments start the first month of eligibility, no earlier than the SA/IH date of application. The first month payment could be a partial month payment.

4. SA-IH Actual Payment (SA-IH Adjusted Payment)

A financial/needs assessment by a DSS service case manager is required to determine the actual amount of an individual's SA-IH payment. The SA-IH adjusted payment amount is communicated to the SA income maintenance caseworker (IMC) using the Appendix E, SA-H Program Interagency Transmittal Form. The IMC must enter the actual payment by completing SA-IH Adjusted Payment evidence in NC FAST.

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 State agency noted by "Y."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the State program for the auditee.

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Crosscutting Requirements

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

CC	1	2	3	4	5	6	7	8	9	10	12	13	14
Cross Cutting Requirements	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Conflict of Interest	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	N	Y	Y	N	Y	N	N	N	Y	N	Y

1. ACTIVITIES ALLOWED OR UNALLOWED

Compliance Requirement – SA payments may be approved for eligible aged or disabled individuals living in facilities authorized to receive SA payments licensed by the Department of Health and Human Services, and which have signed a civil rights compliance statement. Note: For potential NC FAST living arrangement functionality defects, the county worker should contact DAAS via the DAAS Listserv regarding facility verification. Response should be maintained and attached to the case.

This information is available to the caseworker in the NC FAST system. For SA/IH, eligible adults must reside in a private living arrangement. County DSS caseworkers conduct application interviews and verify eligibility through many methods, process and dispose of applications via NC FAST; document case data/evidence, contacts, correspondence, and activities, and conduct periodic eligibility reviews for SA. County DSS caseworkers also determine Medicaid eligibility in conjunction with the provision of SA. Detailed descriptions and procedures for the allowed activities are found in the SA-IH Manual, State and County Special Assistance Manual, and Integrated Eligibility Manual.

Audit Objective – Assure that funds are used for allowable payments to eligible individuals and that procedures spelled out in II. above are followed.

Suggested Audit Procedures – Review NC FAST cases for accurate and appropriate entries into this system which generates the SA payments. Assure that client notices of payment or eligibility changes are accurate and timely according to policy.

4. CONFLICT OF INTEREST AND CERTIFICATION OF NO OVERDUE TAXES

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 SA is being administered according to statute and free from conflict of interest for all requirements.

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. Verify that the policy is part of all orientation or personnel training classes, policies, etc. as appropriate. Discuss ownership of licensed facilities 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 SA are varied and complex, depending on category of receipt, SSI eligibility, and individual client characteristics, however the primary criteria are as follows:

See Section II for additional requirements for eligibility and for SA/IH eligibility. Also, reference the Integrated Eligibility Manual.

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

- are aged 65 or older, or
- are age 18 through 64 and meet the Supplemental Security Income (SSI) definition of disability, or
- are under age 18 and meet the Supplemental Security Income (SSI) criteria for legal blindness;
- are residing in a licensed, SA approved facility (unless the recipient is receiving SA/IH, in which case, he/she can reside in a private living arrangement);
- are a US citizen or alien qualified to receive benefits;
- meet the NC residency requirement for SA;
- meet the income and assets tests; and
- have a current FL-2 that is signed and dated by a physician, physician assistant, or nurse practitioner, indicating the need for residential facility level of care.
- SA/IH---Must qualify for ABD categorically needy Medicaid.

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 Special Care/Memory Care Unit.

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- The SCU rate is applicable the date of entry into the SCU if all eligibility criteria are met.

In a few counties, individuals age 18 through 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; and
- meet the income and assets tests.

Income eligibility and benefit payment amount for SA is based on the individual's total countable income and the current maximum rate that a facility can charge recipients of SA. The maximum rate is set by the NC General Assembly. Effective October 1, 2009 the rate is \$1,182. The Personal Needs Allowance, also established by the NC General Assembly remains at \$46, effective October 1, 2003. SA Basic payments are determined as illustrated by the example below.

The NC FAST system calculates the payment based on the budgets below. This budgeting calculation will be used by the caseworker in circumstances where "forced" eligibility is necessary and to review NC FAST eligibility determination results prior to accepting eligibility determination results. "Forced" eligibility bypasses the NC FAST rules for SA.

Current SA Basic Rate (10/1/09)	\$1,182.00
Personal Needs Allowance	46.00
Maintenance Amount	<u>\$1,228.00</u>
Countable Income (after applicable exclusions and disregards, including the \$20 General Income Exclusion difference)	<u>- 791.82</u>
SA payment (difference rounded to the nearest dollar)	\$436.00

This is also the MAXIMUM SA/IH payment amount.

The current maximum SA/ SCU rate is \$1,515 per month, which became effective October 1, 2005. SA SCU payments are determined as illustrated by the example below:

Current SA/ ACH SCU Rate	\$1,515.00
Personal Needs Allowance	46.00
Maintenance Amount	<u>\$1,561.00</u>
Countable Income (after applicable exclusions and disregards, including the \$20 General Income Exclusion difference)	<u>- 791.82</u>
SA payment (difference rounded to the nearest dollar)	\$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 SA. Difference of \$0.50 is rounded and the individual is income eligible.

The maximum countable monthly income for SA Basic is \$1,227.50 and for SA SCU is \$1,560.50.

As described under II. PROGRAM PROCEDURES heading above, eligibility verification, application processing and case disposition, maintenance, and tracking

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are all performed through utilization of the State's automated systems for client eligibility and benefit payment, NCFAST

Audit Objective – To ensure that the eligibility requirements are being administered appropriately based on program procedures. Assure that workers have taken all necessary steps to adequately establish and document eligibility.

Suggested Audit Procedures

- a. Draw a sample of cases based on auditor-established risk. Auditors should make certain that at least 75% of selected sample items are non-SSI cases. The Department has determined that these cases have a higher risk for error based on the required assessment/evaluation of resources and transfer of resources.
- b. Review eligibility and verification documents as described.
- c. Confirm that eligibility periods and payment amounts documented in the case records correspond to data in the NC FAST system.
- d. Assure that benefits paid to the individuals were calculated correctly and in compliance with the SA 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 recommending "residential level of care" (domiciliary, adult care home, assisted living, or supervised living, residential care) for the periods of eligibility in accordance with program policies.
- 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 -- Ensure that State funds received for this program are matched appropriately by the county and recorded in county financial records as appropriate.

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.

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Level of Effort

This does not apply to the State/County SA Program at the local level.

Earmarking

This does not apply to the State/County SA Program.

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' NC FAST. Fiscal reporting is conducted via form DSS-1571.

14. SPECIAL TESTS & PROVISIONS

- a. **Compliance Requirement** – Caseworkers are able to use “forced eligibility” to issue payments to individuals. This method of issuing payments bypasses the rules in NC FAST. Although this tool has been necessary in many instances, because it bypasses the rules, the State needs assurance that payments have been issued that are 1) due to an eligible recipient and 2) calculated correctly.

Audit Objective – Ensure that payments made to recipients are made correctly.

Suggested Audit Procedure – Review the financial tabs on cases in NC FAST. When Forced Cash cases were created, assure supporting documents/verifications were obtained and adequate detailed documentation has been entered on the case. Review calculations for payment amount for correctness.

- b. **Compliance Requirement** – Workers discover that overpayments have been made in error. Counties are required to recoup these benefits in some circumstances and repay to the DHHS Controller's Office, the State share. Information is found in Section 160010 of the Integrated Eligibility Manual.

Audit Objective – Ensure that overpayments have been refunded and accounted correctly.

Suggested Audit Procedure – Review the SA product delivery case financial tabs on cases in NC FAST. Review the SA case notes for overpayment information. Review calculations for payment amount for correctness and verify paperwork refunding the money to the State.