



North Carolina Department of Health and Human Services

2001 Mail Service Center • Raleigh, North Carolina 27699-2001

Tel 919-733-4534 • Fax 919-715-4645

Beverly Eaves Perdue, Governor

March 4, 2009

Lanier M. Cansler, Secretary

The Honorable Beverly M. Earle, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

Dear Representative Earle:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

Section 10.15A(e4) requires the Departments to report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division on March 1, 2009, October 1, 2009, and March 1, 2010, on the effectiveness and efficiency of this new community support provider appeals process. This is the first required report.

Please direct all questions concerning this status report to Lavette Young, Chief Hearing Officer at the Division of Medical Assistance at (919) 647-8205.

Sincerely,

A handwritten signature in black ink, appearing to read "Lanier M. Cansler".

Lanier M. Cansler

LMC:trl

Enclosure

cc: Allen Feezor Sharnese Ransome
Dan Stewart Jennifer Hoffman
Tara Larson Legislative Library (2)
Leza Wainwright





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Beverly Eaves Perdue, Governor

March 4, 2009

Lanier M. Cansler, Secretary

The Honorable Bob England, M.D., Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 2219, Legislative Building
Raleigh, NC 27601

Dear Representative England:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

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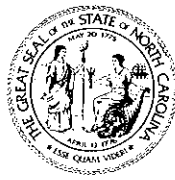
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Beverly Eaves Perdue, Governor

March 4, 2009

Lanier M. Cansler, Secretary

The Honorable Verla Insko, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

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Beverly Eaves Perdue, Governor

March 4, 2009

Lanier M. Cansler, Secretary

The Honorable William Purcell, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

Dear Senator Purcell:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

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Beverly Eaves Perdue, Governor

March 4, 2009

Lanier M. Cansler, Secretary

The Honorable Doug Berger, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 622, Legislative Office Building
Raleigh, NC 27603

Dear Senator Berger:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

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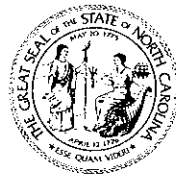
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Beverly Eaves Perdue, Governor

Lanier M. Cansler, Secretary

March 4, 2009

The Honorable Martin Nesbitt, Jr., Co-Chair
Joint Legislative Oversight Committee on MHDDAS
North Carolina General Assembly Senate
Room 300-B Legislative Office Building
Raleigh, North Carolina 27603

Dear Senator Nesbitt:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

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Beverly Eaves Perdue, Governor

Lanier M. Cansler, Secretary

March 4, 2009

The Honorable Verla Insko, Co-Chair
Joint Legislative Oversight Committee on MHDDSAS
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

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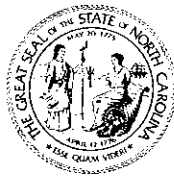
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March 4, 2009

Lanier M. Cansler, Secretary

Marilyn Chism, Director
Fiscal Research Division
Room 619, Legislative Office Building
Raleigh, NC 27601

Dear Ms. Chism:

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

Section 10.15A(e4) requires the Departments to report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, and the Fiscal Research Division on March 1, 2009, October 1, 2009, and March 1, 2010, on the effectiveness and efficiency of this new community support provider appeals process. This is the first required report.

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**DEPARTMENT OF HEALTH AND HUMAN SERVICES
LEGISLATIVE REPORT**

**APPEALS PROCESS FOR MEDICAID
COMMUNITY SUPPORT PROVIDERS
NC S.L. 2008-107, Section 10.15A(e)
EFFECTIVE JULY 01, 2008**

TO THE

**HOUSE OF REPRESENTATIVES APPROPRIATIONS
SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES,**

**SENATE APPROPRIATIONS SUBCOMMITTEE ON
HEALTH AND HUMAN SERVICES,**

**JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL
HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE
ABUSE SERVICES, AND**

FISCAL RESEARCH DIVISION

DUE DATE: MARCH 01, 2009

Pursuant to S.L. 2008-107, Section 10.15A(e), beginning July 1, 2008, all community support services (css) provider appeals were to be heard by the DHHS Hearings office. At the time the legislation was enacted, the DHHS Hearing Office heard informal appeals for all types of providers, including css providers, as well as informal appeals for Medicaid recipients.

Given the tremendous backlog in the recipient informal appeal cases (the bulk of which were css denials), the Legislature mandated that DHHS prioritize reducing that backlog by October 1, 2008. Consequently, rather than spending the months of August and September preparing to hear the new formal provider appeals, the DHHS Hearing Office dedicated itself during this time primarily to the effort of reducing the recipient backlog. The recipient backlog was substantially reduced and 268 cases were ultimately transferred from the Hearing Office to the Office of Administrative Hearings (OAH) on October 1, 2008. Accordingly, on October 1, 2008 there was much to do to put the new css appeal process in place. With the recipient cases out of the way, beginning October 1, 2008, the DHHS Hearing Office worked to develop new workflows and processes, to educate and train hearing officers and to bring on board new staff.

S.L 2008-107, Section 10.15A(e) required that all community support provider appeal cases pending at OAH as of July 1, 2008, be transferred to the DHHS Hearing Office. Additionally, all community support provider informal appeals were to be converted to formal evidentiary appeals and heard by the DHHS Hearing Office. The cases transferred by OAH were received by the Hearing Office on August 5, 2008.

There were 74 cases transferred by OAH and 195 cases converted at the Hearing Office for a total of 269 cases. The new process for community support providers required creation of a new appeal system which in turn required that all 269 cases be reorganized. Additionally, since all community support provider appeals that commenced after the effective date of the legislation were to be filed at the DHHS Hearing Office, that office has now received an additional 54 cases for a total of 323 cases to-date that were either transferred, converted or are new.

The session law requires that all new cases be heard and a final decision be rendered within 90 days of the filing of the appeal. To-date, of the new cases completed, 100 % have been completed within the statutory 90 day deadline with the exception of one extension agreed upon by all parties involved.

Despite the fact that this office has other matters that compete for its time and attention (the DHHS Hearing Office also hears other types of provider internal appeals, nursing home and adult care home transfer/discharge cases, and PASRR--all of which total an additional 141 cases currently pending), to date it has either heard or scheduled for hearing approximately 73% of the community support formal provider appeals.

The new process has not been without challenges and the expected issues/problems that frequently result from large scale process changes. Nevertheless, the provider appeal process has been streamlined and made more efficient. Many ineffective providers have been disenrolled as Medicaid providers. Numerous overpayments to providers have been recouped or are in the process of being recouped. As a result, millions of Medicaid dollars have been saved and will be saved.