



North Carolina Department of Health and Human Services
Division of Social Services

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Wayne E. Black
Division Director

May 29, 2015

Dear County Directors of Social Services:

Re: Medicaid and Food and Nutrition Services Case Processing Requirements

As County Boards of Commissioners finalize their budgets for FY 2015-2016, it is imperative that funding be included to support County Departments of Social Services in eliminating any current backlogs in Medicaid applications including Family and Children and Adult Medicaid and those applications received through Healthcare.gov. The backlog of Medicaid recertifications must also be completed and maintained in a timely manner. As of May 20, 2015, statewide a total of 9,708 Medicaid applications are overdue and approximately 124,372 Medicaid recertifications are overdue and being extended for an additional month when the county has not completed a recertification review.

While many of our counties have invested a portion of the savings realized from the 75% federal reimbursement that will continue to be received for Medicaid eligibility functions, unfortunately several counties continue to rely on compensatory time, paid overtime, and temporary workers to handle the growing workload. In many counties this has resulted in a decrease in case processing accuracy and an increase in personnel instability.

Significant caseload growth occurred in Food and Nutrition Services and Medicaid following the 2008 recession. This growth far exceeded comparable staffing increases. The implementation of the Affordable Care Act included new and more complicated eligibility guidelines for Family and Children's Medicaid, and a huge volume of new applications through Healthcare.gov. This has resulted in approximately 88,000 new applications in FY 2013-14 and over 63,000 to date in FY 2014-15. This increased workload on counties has, in many cases, exceeded their capacity to maintain timeliness and quality standards.

As was noted in the October 21, 2014 Dear County Director Letter, "All counties must plan for needed resources to achieve and maintain both timeliness and accuracy in administering major public assistance programs." The letter noted the factors to consider in planning and budgeting for needed staffing and other resources. It also emphasized that "Continuing to rely on compensatory or paid overtime alone does not constitute a sustainable plan for managing the present and future workload."

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Through the first ten (10) months of SFY 2014-15 counties have reported spending a total of \$219,787,416 in eligibility administration for Medicaid programs, an increase of \$45,054,698 from the same period the previous year. However, subsequent to the 75% federal reimbursement, counties have spent \$56,924,557 in county dollars, a savings of \$26,812,285 from the county expenditure for the first ten (10) months during the previous fiscal year. This includes the \$10 million in county savings realized by our Department requesting and receiving a federal waiver from CMS for county processing of Medicaid cases in the old EIS System. Additional county savings has just recently been realized through another CMS waiver initiated by our Department for 75% federal reimbursement for equipment.

Annualizing expenditures for Food and Nutrition Services eligibility administration, counties are projected to spend approximately \$16 million less in SFY 2014-15 than the previous fiscal year, for a reduction in county expenditures (50%) of approximately \$8 million. Total county spending on the administration of our two (2) largest public assistance programs (Medicaid and Food and Nutrition Services) is projected to be over \$35 million less in SFY 2014-15 than for the previous fiscal year. In planning for the SFY 2015-16 Budget, it is important to note that the 75% federal reimbursement to counties for Medicaid eligibility administration is permanent.

Counties devoted “all hands on deck” to meet the USDA deadlines of February 10 and March 31, 2014 to complete the large backlog of overdue applications and recertifications for Food and Nutrition Services recipients who were not receiving the benefits for which they were eligible. This heroic action on the part of our counties, working with our Department, avoided the potential loss of approximately \$88 million in annual federal administrative reimbursement to County Departments of Social Services. It is clear from the spending total above that counties have reduced the staffing resources dedicated to FNS administration during SFY 2014-15.

As noted in the communication to counties on May 22, 2015, North Carolina has been issued an “advance notification letter” from USDA requesting a detailed corrective action plan to be submitted within 30 days and achievement of an 85% statewide average timeliness rate for July-December, 2015 and a 95% average timeliness rate for January – June 2016. This very high timeliness rate must be achieved in order to avoid suspension or disallowance of federal administrative funds for county administration of the Food and Nutrition Services Program. North Carolina has not achieved a 95% timeliness rate for Food and Nutrition Services in many years.

For almost two (2) years counties have tried to direct and redirect their staff to meet the most urgent crises – FNS applications, FNS recertifications, Medicaid applications, Healthcare.gov applications, and Medicaid recertifications. It is apparent that shifting limited resources from crisis to crisis is not a sustainable plan. To meet the Centers for Medicare and Medicaid Services (CMS) guidelines for Medicaid case processing and the USDA guidelines for Food and Nutrition Services case processing, counties must appropriate funding to secure adequate resources to meet all program performance standards.


We urgently request that County Directors of Social Services work with their governing boards and county leadership to assure that funding resources to achieve all public assistance program processing requirements are included in the County Budget for SFY 2015-16.

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The Department of Health and Human Services has established an Operational Support Team to provide support to counties. For more information, for assistance in calculating staffing needs or in identifying best practices in case processing please contact Local Support Managers, Christy Nash at 252-375-0553 or Darrell Renfroe at 828-230-1912; or DMA Assistant Director Sheila Platts at 919-855-4023 or DSS Director Wayne Black at 919-527-6336.

Thank you for your attention to this urgent matter.

Sincerely,


Wayne E. Black, Director
Division of Social Services


Sheila Platts, Assistant Director
Division of Medical Assistance

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DIR-09-2015