



PUBLIC SCHOOLS OF NORTH CAROLINA

DEPARTMENT OF PUBLIC INSTRUCTION | June St. Clair Atkinson, Ed.D., *State Superintendent*

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July 18, 2012

MEMORANDUM

TO: Directors, Exceptional Children Programs
Directors, Charter Schools

FROM: Mary N. Watson, Director *MNW*
Exceptional Children Division

RE: **NC Division of Medical Assistance Extrapolation Onset**

NC Division of Medical Assistance (DMA) is continuing to conduct post-payment reviews. The NC General Assembly has instructed DMA to extrapolate findings from post-payment reviews whenever a pattern of non-compliance can be identified through the sample (NC Session Law 2011-399 NCGS § 108C-5N). As a result, NC DPI Medicaid Consultants continue to work with DMA to clarify post-payment review procedures and assessments.

NC DPI Medicaid Consultants recently participated with a small LEA to triangulate data relevant to a post-payment review conducted by the Carolinas Center for Medical Excellence (CCME). This was the first known extrapolation of LEA audit findings.

While it was difficult to discern the exact nature of the non-compliance for each claim (given the non-specific remark codes used by the reviewers), the bulk of the post-payment review findings seem to derive from Medicaid Clinical Coverage Policy 10A and relate to:

- therapy plan requirements, and/or
- services exceeding the limitations of the written plan, and/or
- treatments notes insufficiently supporting medical necessity/documentation requirements.

North Carolina LEAs have been trained to comply with the LEA Medicaid Policy 10C, which allows for a current IEP to serve as the therapy plan. In the last 8-10 months, DPI and DMA have been attempting to reach some common understanding of what constitutes an acceptable plan of care and adequate support of medical necessity of service by DMA standards. At this point, it is clear the IEP is not sufficient and post-payment reviewers are using 10A standards for this aspect of claim inspection.

NC DPI has asked DMA for lenience with this initial period of extrapolation. We are still working towards greater clarity on DMA/CCME's therapy plan, documentation requirements

EXCEPTIONAL CHILDREN DIVISION

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alone, clinically-reasoned therapy plans in addition to the IEP. All documentation should reflect the need for a licensed professional to provide the specified service.

Further, we have been unable to locate any guidance from DMA on the extrapolation process, despite repeated inquiry. DMA is in the midst of personnel shifts and is attempting to arrange a meeting with the DPI consultants, the LEA advisory panel and DMA.

Please contact Lauren Holahan, Consultant for OT/Medicaid, at lauren_holahan@med.unc.edu or (919) 428-7201 or Laurie Ray, Consultant for PT/Medicaid, at laurie_ray@med.unc.edu or (919) 636-1827 with questions and comments.

MNW/SHA/ms