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.

1. PROGRAM OBJECTIVES

Pursuant to House Bill 200 / S. L. 2011-145, Appropriations Act of 2011, the General Assembly has directed the Department of Health and Human Services to develop a medication therapy management program to be administered through Community Care of North Carolina (CCNC). The initiative created pursuant to this section shall consist of the following components:

(1) Identification of community-based pharmacists and pharmacies that are geographically distributed and sufficiently representative to generalize findings over the first two years of its existence among pharmacies that dedicate pharmacist time to work with patients, their care team members, and their Medical Home practices to improve patient outcomes. To the extent that available resources allow, other types of community-based pharmacists may be involved, including those working with long-term care residents or their attending physicians.

(2) Targeting of Medicaid recipients with co-occurring illnesses or conditions that are especially susceptible to poor patient outcomes when medication is underused, misused, or poorly coordinated.
(3) Allowing pharmacists identified pursuant to subdivision (1) of this section to have access to CCNC's Web-based Pharmacy Portal, which allows CCNC to establish and monitor patients' prescriptions and to communicate with other care team members.

II. PROGRAM PROCEDURES

The Medication Therapy Management Program is administered by the Department of Health and Human Services, Office of Rural Health and Community Care (ORHCC), 2009 Mail Service Center, Raleigh, North Carolina 27699-2009, (919) 733-2040.

A formal contract is prepared by the ORHCC. The contract details contractor obligations, the funding schedule, reporting requirements, and audit requirements. The formal contract serves as the grant award notification.

The primary goal of the assistance is to determine (1) the best method of adapting the ChecKmedsNC program to the Medicaid program and CCNC’s Medical Homes and (2) the most effective and efficient role for community-based pharmacists as active members of CCNC’s care management teams.

III. COMPLIANCE REQUIREMENTS

1. ACTIVITIES ALLOWED OR UNALLOWED

Services provided by and costs allowable under this grant are limited to those activities budgeted by the contractor and approved by the ORHCC.

Suggested Audit Procedure:

Ascertain through a sample that the services provided by and the costs allowable under the ORHCC grant are limited to those activities budgeted by the contractor and approved under the grant.

2. ALLOWABLE COSTS/COST PRINCIPLES

Costs must be reasonable and necessary for the performance and administration of the grant to be allocable to the activity. Costs may not be prohibited under State or local laws/regulations, and must be approved by ORHCC. Generally accepted accounting principles are to be followed in accounting for costs under this program. Adequate documentation of all costs associated with the grant must be maintained.

Suggested Audit Procedure:

Ascertain that the costs incurred during the performance and administration would have been considered reasonable and necessary to a prudent person under the same circumstances.

4. CONFLICT OF INTEREST AND CERTIFICATION OF NO OVERDUE TAX DEBTS

The grantee expressly states that it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under the contract. Grantee shall not hire any person having such interest during the performance of the grant. The grantee further agrees to notify the ORHCC in writing of any instance that might have the appearance of a conflict of interest. Upon
execution of a contract and prior to the disbursement of funds, the grantee must supply to the ORHCC a notarized copy of its policy addressing conflict of interest.

Suggested Audit Procedure:

Ascertain through a sample that a policy on conflict of interest is on file with the grantee and that a notarized copy was sent to the ORHCC.

5. ELIGIBILITY

HB 200 identified Community Care of NC as the qualified entity to receive these grant funds.

8. PERIOD OF AVAILABILITY OF STATE FUNDS

Use of grant funds will be limited to the grant period as outlined in the grant agreement. Funds must be expended or obligated for expenditure within the grant period. All unspent funds shall be returned to the Office of Rural Health and Community Care at the conclusion of the grant period.

Suggested Audit Procedure:

Verify through a sample that the funds were expended or obligated during the allowed grant period.

12. REPORTING

In accordance with HB 200/S.L. 2011-145, Appropriations Act of 2011, on January 1, 2012, and every six months thereafter, the Provider shall report to the Department of Health and Human Services, the House and Senate Appropriations Subcommittees on Health and Human Services, and the Fiscal Research Division on the development and implementation of this program. This reporting requirement shall terminate with the filing of the third report on January 1, 2013. In addition to any other information, the reports required by this section shall include the following information:

(1) The July 1, 2012, report shall include an interim evaluation of the pharmacists' demonstrated use of the CCNC Pharmacy Home Model and the pharmacists' role in intervening and successfully managing the medication therapy of Medicaid recipients with chronic illnesses.

(2) The January 1, 2013, report shall include an evaluation of the pharmacists’ role in CCNC's management of Medicaid recipients with mental health diagnoses or who receive home health or nursing home care, and a determination of the appropriate per member/per month payment that pharmacists should receive for participating in the Medical Home Model of CCNC.

Suggested Audit Procedure:

Verify through a sample that the reports were submitted according to the schedule within the contract.

13. SUBRECIPIENT MONITORING
This refers to the requirement that a pass-through entity perform various monitoring activities, such as reviewing reports submitted by the subrecipient, performing site visits to the subrecipient to review financial and programmatic records and observe operations, arranging for agreed-upon procedures engagements for certain aspects of subrecipient activities, such as eligibility determinations, reviewing the subrecipient’s single audit or program specific audit results and evaluating audit findings and the subrecipient’s corrective action plan. This applies when awards are passed through to a subrecipient. If the entity is not a pass-through entity, this requirement does not apply.