MEDICAL ASSISTANCE PROGRAM

State Project/Program: INTEGRATED HEALTH SYSTEMS

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Federal Authorization: Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28; Public Law 110-161; Public Law 111-3; Public Law 111-5; Public Law 111-8; Public Law 111-31; Public Law 111-68; Public Law 111-88; Public Law 111-117; Public Law 111-118; Public Law 111-148; Public Law 111-150; Public Law 111-150; Public Law 111-152; Public Law 111-309, Public Law 112-10, Public Law 112-33, Public Law 112-36, Public Law 112-55, Public Law 112-74, Public Law 112-78, Public Law 112-96, Public Law 112-175, P.L. 113-6, Public Law 113-46, Public Law 113-73, Public Law 113-76, Public Law 113-235, Public Law 114-10.

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N. C. DHHS Confirmation Reports:
SFY 2017 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: http://www.ncdhhs.gov/control/auditconfirms.htm. At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2016-2017).” Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2015-2017).”
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.
INTEGRATED HEALTH SYSTEMS

1. PROGRAM OBJECTIVES

To implement innovative strategies for improving the overall quality and cost-effectiveness of care delivered to the State’s indigent, primarily Medicaid, population.

II. PROGRAM PROCEDURES

The Integrated Health Systems Program is administered by the N. C. Department of Health and Human Services, Office of Rural Health (ORH), 2009 Mail Service Center, Raleigh, North Carolina 27699-2009, (919) 527-6440.

The Integrated Health Systems Program provides grants to non-profit organizations to improve access, quality, coordination, and cost-effectiveness of primary care and other health care services for Medicaid recipients and other vulnerable populations. The ORH, based upon requests submitted by non-profit organizations and approved by ORH, provides grants. Representatives from the ORH recommend funding levels based on the focus of a particular project and the needs of the Medicaid population. The Director of the ORH makes final decisions. Once an application is approved, a formal contract is prepared by the ORH. The contract details contractor obligations, the funding schedule, reporting requirements, and audit requirements. The formal contract serves as the grant award notification.

During the contract period, ORH staff provide on-going technical assistance to the contractors. Technical assistance includes on-site visitation, workshops, advisory boards, and other contacts with the contractors during which program goals are reviewed and evaluation of contractors undertaken. The primary goal of the assistance is to assure that the most cost effective and high quality care is provided to Medicaid recipients.

III. COMPLIANCE REQUIREMENTS

A. ACTIVITIES ALLOWED OR UNALLOWED

Funds may be allowed to improve the availability, accessibility, and provision of health care services for Medicaid recipients.

B. ALLOWABLE COSTS/COST PRINCIPLES

Services provided by and costs allowable under the Integrated Health Systems grant through the ORH are limited to those activities which were budgeted by the contractor and approved by the ORH.

C. CASH MANAGEMENT

Funds are paid on a contractual basis. Generally, funds are paid upon the receipt of approved invoices for expenditures related to the agreed-upon objectives of the contract. Any unexpended balance must be returned to the ORH at the end of the contract period.
E. ELIGIBILITY

- Applicant eligibility
  Any public or nonprofit private entity. Profit-making organizations are ineligible.

- Beneficiary eligibility
  Medicaid recipients

G. MATCHING, LEVEL OF EFFORT, EARMARKING

The Federal share for services provided through the contract is 50 percent. The remaining 50 percent is provided through non-State funds.

H. PERIOD OF PERFORMANCE

All funds must be expended within the contract period specified in the formal notice of grant award.

I. PROCUREMENT AND SUSPENSION AND DEBARMENT

Contractor cannot be suspended or debarred, nor can it make sub-awards under covered transactions to parties that are suspended or debarred. This rule applies any time the non-Federal entity procures goods or services with funds that have been approved in the budget. Suspension and debarment applies to both procurements and sub-awards.

L. REPORTING

Grantees are responsible for managing and monitoring each project, program, sub-award, function or activity supported by the award. Therefore, contractors are required to submit a year-end report to the ORH. These reports are specified in the contract agreement. Report formats are provided by the ORH and are designed to gather consistent data across all contractors. Reports are due within 45 days following the end of the contract period.

M. SUBRECIPIENT MONITORING

Grantees that pass funding through to other entities must perform monitoring activities on each sub-recipient to include: reviewing reports submitted by the sub-recipient, performing site visits to the sub-recipient to review financial and programmatic records and observe operations, reviewing eligibility determinations, and reviewing each sub-recipient’s single audit or program-specific audit results to ensure the sub-recipient is in compliance.

Suggested Audit Procedure:

Obtain a list of all sub-recipients with which the grantee has agreements. Select a sample and verify that all monitoring activities are documented.
N. SPECIAL TESTS AND PROVISIONS

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are subject to the financial reporting requirements of Uniform Guidance Appendix XI to Part 200. These requirements include the submission of a Notarized Conflict of Interest Policy and a written statement (if applicable) that the entity does not have any overdue tax debts as defined at the federal, State or local level. All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the sub-grantee accountable for the legal and appropriate expenditure of those State grant funds.

Audit Objective – Before receiving and disbursing State funds, determine whether the grantee (1) has adopted a conflict of interest policy and has it on file and (2) whether the grantee has any overdue tax debts at the federal, State or local level.

Suggested Audit Procedures -

1. Ascertain that the grantee has a conflict of interest policy as described above
2. Check the policy and verify through board minutes that the policy was adopted before the grantee received and disbursed State funds
3. Verify as to whether or not the grantee has any overdue tax debts at the federal, State or local level by reviewing tax reports filed with the appropriate government agencies and confirming via an inspection of the accounting records that all taxes were paid timely