

# **CHANGE NOTICE FOR MANUAL NO. 01-03, Recipient Fraud and Abuse Policy**

**DATE: JULY 19, 2002**

**Manual:** Family and Children's Medicaid  
**Change No:** 01-03  
**To:** County Directors of Social Services  
Program Integrity Supervisors and Staff  
Medicaid Supervisors and Caseworkers  
**Effective:** August 1, 2002

## **I. BACKGROUND**

This change notice transmits a total rewrite of the policies and procedures for MA-3535, Recipient Fraud and Abuse Policy and Procedures, in the Family and Children's Medicaid Manual.

Implementation of the Enterprise Program Integrity Control System (EPICS) in May 2000 created major changes in the way the county Program Integrity Units conduct their day-to-day business. The Fraud and Abuse policy has been updated to reflect these changes.

Policy has also been updated and enhanced throughout to include information investigators need in order to thoroughly investigate referrals of suspected fraud and/or misrepresentation. Policy also addresses certain issues that investigators face in working with the judicial system.

MA-3535 has been reorganized to allow for a better flow of information. In addition, there are new sections addressing the NC Debt Setoff process and Medicaid Recipient Profiles and policy from several DMA Administrative Letters have been incorporated into the section.

## **II. CONTENT OF CHANGE**

### **A. Major Changes to MA-3535, Recipient Fraud and Abuse Policy and Procedures**

1. Policy has been greatly expanded to address the procedures to follow when establishing Medicaid and NC Health Choice (NCHC) overpayment claims in EPICS. This incorporates the policy included in

DMA Administrative Letter 18-00, NCHC Fraud Policy. In addition, all references to the DSS-1657, Report of Public Assistance Overpayments, have been deleted since this form is no longer used for Medicaid and NCHC claims with the implementation of EPICS.

2. Policy from DMA Administrative Letter 25-02, Notice of Overpayment for Medical Assistance (DMA-8010), has been incorporated into this section. This includes the policy requirements and processes for the new EPICS automated "Notice of Overpayment for Medical Assistance," the DMA-8010.
3. Instructions have been added on how to request Medicaid Recipient Profiles for EPICS claims.
4. Detailed instructions have been included on how to read Medicaid Recipient Profiles in order for the Investigator to establish the dollar amount of Medicaid claims paid on behalf of recipients during periods of ineligibility.
5. Policy has been expanded to incorporate the policy requirements and procedures that must be followed when Medicaid Recipient Profiles are requested by a Guardian Ad Litem or Protective Services for purposes other than the administration of the Medicaid program.
6. Clarification is provided to address the differences between suspected fraud, legally determined fraud, and misrepresentation.
7. Policy gives more in-depth suggestions for preventing fraud and abuse through training for eligibility staff.
8. Definitions for Front-end Referrals and Regular Referrals have been added to policy.
9. Instructions are provided for establishing overpayments when payment for Medicaid transportation is inappropriately claimed or used by recipients.
10. Instructions are provided for when and how an overpayment can be established for an SSI recipient.
11. Policy from DMA Administrative Letter No. 04-00, Wage Garnishment, has been incorporated into this section.
12. Detailed policy regarding the NC Debt Setoff process has been included. Interception of NC tax refunds is an automated method for

collecting delinquent Medicaid and NCHC overpayment claims through EPICS.

13. Detailed information has been provided regarding policy requirements for debtors who have filed bankruptcy and how the investigator must proceed once it is discovered that a debtor has officially filed for bankruptcy.
14. Policy has been expanded to clarify who can and cannot be a debtor for Medicaid and NCHC overpayments.
15. Policy from DMA Administrative Letter No. 20-97, Incentives for Investigation and Collection of Medicaid Overpayments, has been added to this section.

**B. Policy from several DMA Administrative Letters has been incorporated into MA-3535. This change notice obsoletes the following DMA Administrative Letters.**

DMA Administrative Letter No. 20-97, Incentives for Investigation and Collection of Medicaid Overpayments

DMA Administrative Letter No. 04-00, Wage Garnishment

DMA Administrative Letter No. 18-00, NCHC Fraud Policy

DMA Administrative Letter No. 18-00, Addendum # 1 NCHC Fraud Policy

DMA Administrative Letter No. 20-01, NC Debt Setoff Policy

DMA Administrative Letter No. 25-02, EPICS – Notice of Overpayment For Medical Assistance (DMA-8010)

**III. EFFECTIVE DATE**

This policy clarification and expansion is effective August 1, 2002.

**IV. MAINTENANCE OF MANUAL**

- A. Remove MA-3535 and the attachments.
- B. Insert MA-3535 and the attachments.

This policy has been reviewed by the Special Investigation Advisory Committee (SIAC) and the Economic Services Medicaid Sub-Committee.

FC Change Notice 01-03  
July 19, 2002

If you have any questions about this policy, please contact your county's Medicaid Program Representative or the Quality Assurance Section's Recipient Investigations Unit for assistance.

Nina M. Yeager  
Director

[Brenda Porter, Recipient Investigations Coordinator in the Quality Assurance Section, researched and prepared this material.]

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