



**North Carolina Department of Health and Human Services
Division of Medical Assistance**

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Provider Self-Audit Protocol

Overview

The North Carolina Division of Medical Assistance (DMA) Program Integrity Unit relies upon the health care industry to assist in the identification and resolution of matters that adversely affect Medicaid and Health Choice Programs. A cooperative effort serves a common interest of protecting the financial integrity of the Medicaid and Health Choice Programs while ensuring proper payments to providers. DMA recommends that providers conduct periodic, voluntary self-audits to identify instances where services reimbursed by the Medicaid and Health Choice Programs are not in compliance with the Programs' requirements. Self-auditing is a critical component in corporate compliance plans. This protocol does not affect the requirements of the Single Audit Act or other independent audit requirements.

The self-audit protocol facilitates the resolution of matters that, in the provider's reasonable assessment, potentially violate state or federal administrative law, regulation or policy governing the Medicaid and Health Choice Programs, or matters exclusively involving overpayments or errors that do not suggest violations of law. Upon review of information submitted by the provider or upon further investigation, DMA may determine that the matter implicates state criminal or federal law. In such instances, DMA will refer the matter to the appropriate state or federal agency.

Inappropriate Payments

When a provider properly identifies an inappropriate payment and the acts underlying such conduct are not indicative of fraudulent activity, DMA will accept full repayment made within 30 (thirty) calendar days of notification without penalty. The balance in full is due 30 (thirty)

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calendar days from the date on the letter sent to the Office of the Controller and to DMA Third Party Recovery Accounts Receivable. The North Carolina General Assembly has defined in law (NC G.S. 147-86.23) interest and penalties shall be charged on all past due accounts from the due date until the date payment is received. Consistent with NC G.S. 105-241.21, this law requires state agencies to assess interest charges at a rate set semi-annually by the Department of Revenue and impose a one-time penalty of 10% on all past due accounts.

Inappropriate payments made by managed care organizations (MCOs) to providers within their networks inflate the costs of providing care to Medicaid and Health Choice recipients. DMA retains its right and responsibility to identify and recover payments or take any other action available under law. DMA recommends that MCOs educate their contracted providers on this protocol and encourage them to use it. DMA will notify the respective MCO of the repayment and will help facilitate an expedited return of the payment.

Conclusion

Medicaid and Health Choice providers are encouraged to (a) implement necessary policies, processes and procedures to ensure compliance with federal and state laws, regulations, and policies relating to the Medicaid and Health Choice Programs and (b) voluntarily disclose any overpayments or inappropriate payments of Medicaid and Health Choice funds.

DMA will continue to provide viable opportunities for disclosure and renews its commitment to promote an open and cooperative environment.