

**STATE/COUNTY SPECIAL ASSISTANCE FOR ADULTS**

**State Authorization:** Code of Federal Regulations, Title 20, Volume 2, Part 416: 2001-.2099  
 HHS-approved Medicaid State Plan  
 G.S. 108A-25; §§108A-40 to 108A-47.1  
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**N. C. Department of Health and Human Services  
 Division of Aging and Adult Services**

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**N. C. DHHS Confirmation Reports:**

SFY 2011 audit confirmation reports for payments made to Counties, Area Programs, Boards of Education, Councils of Government, District Health Departments, DCD State Level Contractors and HRSA Bioterrorism Grant Subrecipients will be available by around late August to early September at the following web address:

<http://www.dhhs.state.nc.us/control/>

At this site, page down to “Letters/reports/forms for ALL Agencies” and click on “Audit Confirmation Reports (State Fiscal Year 2010-2011)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from the DHHS are found at the same website except select “[Non-Governmental Audit Confirmation Reports \(State Fiscal Years 2009-2011\)](#)”.

**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.**

**I. PROGRAM OBJECTIVES**

There are two components of the Special Assistance (SA) Program.

1. SA provides a cash supplement to help low-income individuals residing in adult care homes (assisted living) pay for their care. SA is an entitlement program available in every county. Individuals who qualify receive the benefit. Adult Care Home residents with certain diagnoses may reside within a licensed Special Care Unit in an Adult Care Home. These residents are eligible for a different rate of cash assistance who have a diagnosis of Alzheimer’s or a related disorder.

2. **The SA In-Home Program** provides a cash supplement to help low income adults who are at risk of entering an adult care home, but who prefer to remain at home. Recipients must have both a financial need and a need for services. The Special Assistance In-Home (SA/IH) Program is authorized through General Statute §108A 47.1 to grow to up to 15% of the total SA caseload. Unlike SA/ACH, counties have the option to participate in the SA/IH Program. Assistance is provided with living expenses such as food, shelter, clothing, and other daily necessities. SA/IH recipients must first qualify for Medicaid giving them access to benefits such as Personal Care Services. SA/IH recipients can receive supplemental payments up to, but no more than, 75% of the amount that the same individual would receive to pay for care at the State SA Basic rate.

Originally, the SA program was designed to provide mandatory supplementation of income in order to assure that each recipient of Aid to the Aged or Disabled in December 1973 received no less income, beginning January 1974 than he/she was receiving in December 1973, as a result of conversion to federal Supplemental Security Income (SSI). Also, the program provides optional supplementation of income to eligible aged, blind, and disabled individuals who applied on or after January 1, 1974.

Approved counties may also provide supplemental payments to “Certain Disabled” individuals. These recipients are adults ages 18 through 64, living in private living arrangements, who are unemployable because of an impairment, but who have not been able to meet the Supplemental Security Income (SSI) disability requirement.

In addition, effective May 1, 1999 this program covers those individuals otherwise eligible for SA payments who reside in licensed and approved Hospice residential facilities. There are currently 17 hospice programs with residential units in the State which have met the licensure criteria, signed a memorandum of agreement, and completed the civil rights agreement, and thus are authorized to accept SA payments.

## II. PROGRAM PROCEDURES

The two major recipient categories for both program components of SA are SA for the Aged (SAA), for recipients age 65 or older, and SA for the Disabled (SAD), for recipients age birth to age 64. Recipients under the age of 18 must meet the criteria for legal blindness. Funding for this program is 50% State and 50% county funds for benefits and 100% county funds for administration of the program. The amount of State funds available statewide is established by the NC General Assembly for each fiscal year. The county match is required. Each month, benefits paid are tracked by the Eligibility Information System (EIS). This data is used by the Division of Information Resource Management (DIRM) to produce the “Warrant Calculation Worksheet”, which breaks the monthly program expenditures down by county, showing the State and county shares of the cost. The same DIRM program that creates the Warrant Calculation Worksheet creates Electronic Benefits Transfer files for each county, which are provided to the Program/Benefit Payments Section of the DHHS Controller’s Office. These files are in turn, transmitted to the Office of Information Technology Common Payment System, which drafts the individual county Department of Social Services (DSS) accounts via Electronic Funds Transfer for the county share of the monthly program expenditures. The county DSS reports administrative costs, via the DSS-1571 process, to the County Administration Accounting Section of the Controller’s Office.

Individuals or their representatives applying for SA benefits must apply at the county department of social services in the county where they last resided in a private living arrangement. The official county of residence may permit another county to accept a courtesy application which will allow the applicant to apply without delay. The county of residence is responsible for processing the application and for ongoing case maintenance. SA/IH applicants must apply in the county in which they currently reside. The applicant/representative (a/r) may request assistance by mail or telephone, but will be asked to come to the DSS office for an application interview. The a/r must provide the names of collaterals such as landlords, employers, businesses, organizations and others that have knowledge of his/her situation, or that can provide factual information necessary to enable the county caseworker to determine eligibility. The a/r must also report to the county DSS any changes in his/her situation that may affect his eligibility for assistance within five days of the change. If the applicant is not receiving SSI, or has not been denied SSI due to excess income, he/she must apply for SSI benefits. If the applicant is receiving SSI but not at the full federal benefit rate, he/she must apply for the federal benefit rate. The application may be pended for up to 12 months, or until the SSI is approved or disapproved. NOTE: Verification of income and reserve by the county caseworker for SSI recipients is not required, beyond confirming receipt of SSI and documentation of income amounts via the State Data Exchange. (See Special Assistance Manual: SA-3110, SA-3300, and SA-3310.) Copies of the State/County Special Assistance Manual are available online at the manuals website of the Division of Aging and Adult Services at <http://info.dhhs.state.nc.us/olm/manuals/doa/>.

### **Program Procedures for SA**

Eligibility is determined by a caseworker who enters the application data into, and maintains the case through the Eligibility Information System (EIS). Verification of applicant/recipient income, resources, and other factors affecting eligibility is made through a variety of means, including the Income Eligibility Verification System (IEVS), telephone contacts, and correspondence. The county DSS must process an application for SAA within 45 days, and an application for SAD within 60 days, unless there is a delay by the Social Security Administration in determining eligibility for Social Security Disability, Retirement, Survivors Benefits or SSI. In such cases, the application may be pended up to twelve months. When the necessary information is received after the deadline, the decision is made within five workdays. Benefit payments, Medicaid cards and required notices are automatically generated by EIS based on information entered by the caseworker. (See Special Assistance Manual: SA-3100; SA-3110; SA-3200; SA-3210; SA-3220; SA-3230; SA-3240; SA-3250; SA-3300; SA-3400.)

Any applicant/recipient or his legal representative who gives away or sells resources for less than current market value may be ineligible for Special Assistance under a transfer sanction. (See Special Assistance Manual: SA-3205.)

The effective date of eligibility is the first day a recipient meets all the eligibility requirements, as of the first moment (12:01 a.m.) of the first day of the month. If the recipient is in the licensed facility authorized to receive SA payments on the first day of the month, but meets all the other requirements (with the exception of the NC residency requirement for SA, the resource limit, or the FL-2 requirement) *after* the first day of the month, he is eligible for a full-month's benefit. If he enters the licensed facility authorized to receive SA payments, meets the NC residency requirement for SA, or obtains a correctly signed FL-2 after the first day of the month, he is eligible for a pro-rated payment for the first month of eligibility. (See SA-3220 for calculation of check amounts.) A recipient of SA is automatically eligible for full Medicaid, effective the first month of SA eligibility. An SA recipient may also receive Medicaid up to three month prior to the application month, if he would have met the eligibility requirements (for SA or Medicaid) during those months, had he applied. SA payments cannot be authorized for months prior to the application month. (See Special Assistance for Adults Manual: SA-3250, SA-3300, SA-3310.)

Checks for active cases are printed in advance of the benefit month, near the end of the printing month in “regular runs”. They are mailed on or after the first day of the month when funds are approved and available for release. The last day to make changes in case/benefits to be effective the next calendar month is the day of the “regular run”. This is known as the “program cut-off deadline”. The fourth workday from the end of the month is called the “pull cut-off deadline”. Changes made to cases/benefits between the “program cut-off deadline” and the “pull cut-off deadline” initiate the “pull/reissue” process during which checks printed in error may be manually pulled and voided, and if necessary, re-issued. Re-issued checks are printed the first workday of the next month in the big “straggler run”. Checks printed during the “regular run” are mailed to the address specified by the applicant/representative (a/r), usually the licensed facility authorized to receive SA payments in which the recipient resides. Replacement checks and supplemental checks are printed on a daily basis. Replacement checks are mailed to the county department of social services, where they are forwarded to the recipient. (See Special Assistance Manual: SA-3300; SA-3310; SA-3330; See EIS Manual, Vol. III.)

Notices for benefit approval, denial, termination and/or changes in benefits are normally generated automatically by EIS; however manual notices may sometimes be required. Recipients must be given 10 working days advance notice, prior to the effective date of any reduction or termination of benefits, with few exceptions. Changes beneficial to the recipient require only “adequate” notice; that is, the change may be effective immediately upon issuance of the notice. Applicants and recipients may request hearings, verbally and/or in writing, and, in the case of reductions and terminations, are eligible to receive continued benefits pending local hearing decision; this request may include but is not limited to, situations where they do not feel their eligibility or benefit amount has been correctly determined. Specific procedures apply for requesting and conducting hearings. (See Special Assistance Manual: SA-3330; SA-3340.)

The applicant/recipient or his representative is required to report all changes in his situation that may affect eligibility to the county DSS within five days following the date of the change. An agency designee must investigate suspected cases of fraud or misrepresentation. Overpayments are to be recouped, when appropriate, according to instructions found in the Special Assistance Manual. Overpayments resulting from county or State errors may only be recouped if the recipient was properly notified of the correct amount that he was to receive. Underpayments due to county or State error must be reimbursed to the recipient per instructions in the Special Assistance for Adults Manual. (See Special Assistance Manual: SA-3330; SA-3410.)

Eligibility must be redetermined at least once every twelve months before the recipient receives his thirteenth benefit payment. Redeterminations must also be conducted upon notice of changes in the recipient’s situation that could affect eligibility, such as changes in income, residence, termination of SSI, etc. The caseworker conducts the eligibility review, enters the required information into EIS, recalculates the benefit, if eligible, and documents the outcome of the review. SSI recipients do not have to sign a renewal application. (See Special Assistance Manual: SA-3300; SA-3310; SA-3330.)

### **Program Procedures for SA In-Home**

To qualify for the SA/IH Program, the applicant/recipient (a/r) must have a financial need and a service need. The applicant/recipient must live in a private living arrangement either living alone, with a spouse or with some other non-related person. The a/r does not have to live in his/her own home. “Private living arrangement” means a private home, apartment, congregate housing, multi-unit housing with services, public or subsidized housing, shared residence, or rooming house. The case manager must verify the private living arrangement.

### **Financial**

SA/IH a/rs must first be eligible for Medicaid for the Aged, Blind and Disabled (MAABD) as categorically needy (Medicaid class N, C or Q) with a living arrangement code of 10, 11, 12, or 13 is verified through the Eligibility Information System. The case worker processes the application and verifies the other SA eligibility requirements. The case worker also determines the maximum monthly payment for which an a/r is eligible.

The application processing time frame for SA/IH is the same as it is for SA/ACH: 45 days for SAA and 60 days for SAD. The date the applicant signs the DSS-8124 starts the application timeframe. All application processing rules for SA/ACH apply for the SA/IH applications. See SA-3110 Application Process, in the Special Assistance Manual, for instructions.

### **Service Need**

The caseworker notifies the case manager in writing that client needs an SA/IH assessment by the end of the next business day after the SA application is initiated. The caseworker sends the FL-2 to the physician to verify that level of care is domiciliary (assisted living). The case manager determines the need for services and payment amount up to the maximum determined by the case worker, if eligible. The client/legally responsible person is notified of SA/IH approval by caseworker. This is the date of the DSS-8108 approval letter the SA caseworker sends to the client.

### **Maximum SA/IH Payment**

The payment standard for the SA/In-Home payment can be up to, but no more than, 75% of the amount that the same individual would receive to pay for care at the SA Basic Rate in a licensed facility authorized to receive SA payments. The payment may actually be less, depending on the comprehensive needs assessment and the service plan developed by the case manager in conjunction with the client, his/her family, and other significant parties. Eligible individuals receive a monthly cash payment for an amount up to 75% of the SA/ACH Basic Maintenance amount (\$1,228.00 effective 10/1/09), depending upon their specific needs that are identified through assessment and development of a care plan.

The a/r's total countable monthly income is subtracted from the SA maintenance amount, (currently \$1,228.00). The results are multiplied by 75% to find the maximum allowable payment. The actual payment is determined by the service and financial needs of the a/r as determined by the case manager. SA/IH recipients may be zero pay if the payment amount is less than \$5.00. Zero pay recipients receive no cash payment, but are eligible for case management services. SA/IH payments start the first month of eligibility. (This could be a partial month payment.)

## **III. COMPLIANCE REQUIREMENTS**

### **Crosscutting Requirements**

**The compliance requirements in the Division of Social Services "Cross-Cutting Requirements" in Section D (DSS-0) are applicable to this grant.**

### **1. ACTIVITIES ALLOWED OR UNALLOWED**

**Compliance Requirement** – Special Assistance payments may be approved for eligible aged or disabled individuals living in facilities authorized to receive SA payments (including Hospices through the MOU) licensed by the Department of Health and Human Services, and which have signed a civil rights compliance statement. For SA/IH, eligible adults must reside in a private living arrangement. County DSS caseworkers conduct application interviews and verify eligibility using the Income Eligibility Verification System and other methods, process and dispose of applications via the Eligibility Information System, document case data, contacts, correspondence, and activities, and conduct periodic eligibility reviews for Special Assistance. County DSS caseworkers also determine Medicaid eligibility in conjunction with the provision of Special Assistance. Detailed descriptions and procedures for the allowed activities are found in the Special Assistance Manual.

**Audit Objective** – Assure that eligibility criteria are being applied correctly and that there is documentation to support the eligibility determination.

**Suggested Audit Procedures** – Review a sample of client records and determine if documentation exists that verifies the above activities occurred. Eligibility determination (initial and review) and verification is documented on either the DSS-8190S (State/County Special Assistance Workbook for SSI Recipients Only) or the DSS-8190NS (State/County Special Assistance Workbook for Non-SSI Recipients Only). Potential retroactive Medicaid assessment and referral should be documented. Client and collateral contacts should be documented in the case record through a variety of means. See Special Assistance Manual (Appendix A) for a listing of other specialized forms for documentation of case activity.

#### 4. CONFLICT OF INTEREST

**Compliance Requirement** – G.S. 108A-47. Limitations on Payments prohibits payment of SA benefits to any recipient in the care of an adult care home that is owned or operated in whole or in part by: (1) a member of the Social Services Commission, of any county board of social services, or of any board of county commissioners; (2) an official or employee of DHHS, unless said official or employee has been appointed temporary manager of the adult care home pursuant to G.S. 131E-237, or of any county department of social services; or (3) a spouse of a person designated in either (1) or (2).

**Audit Objective** – To ensure State/County Special Assistance is being administered according to statute and free from conflict of interest.

**Suggested Audit Procedures** – Ascertain that the county DSS has a conflict of interest/disclosure policy that addresses ownership in whole or in part by any member of the county board of social services or any employee of the county DSS, or the spouse of any employee or board member. Discuss ownership of licensed facilities located in the county and conflict of interest policy with the county DSS Adult Home Specialist and Adult Placement Services social workers to ascertain their knowledge of G.S. 108A-47 and measures taken to insure enforcement of the Statute.

#### 5. ELIGIBILITY

**Compliance Requirement** – Eligibility criteria for State/County Special Assistance are varied and complex, depending on category of receipt, SSI eligibility, and individual client characteristics, however the primary criteria are as follows:

Session Law 2005-276, ratified August 13, 2005 created a new maximum facility rate for SA recipients residing in Adult Care Homes Special Care Units (SCUs) for Alzheimer's or Related Disorders. This rate is referred to as the SA/ACH SCU rate.

All SA (Basic and SCU) recipients must meet the following eligibility criteria:

- are aged 65 or older, or
- are age 18 through 64 and meet the Supplemental Security Income (SSI) definition of disability;
- are under age 18 and meet the Supplemental Security Income (SSI) criteria for legal blindness
- are residing in a licensed, SA approved facilities (unless the recipient is receiving SA/IH, in which case, he/she can reside in a private living arrangement);
- are a US citizen or alien qualified to receive benefits;
- meet the NC residency requirement for SA;
- meet the income and assets tests; and
- have a current FL-2/MR-2 that is signed and dated by a physician, physician assistant, or nurse practitioner, indicating the need for domiciliary level of care (assisted living)

Additional requirements for recipients to receive the higher SCU rate include the following:

- The FL-2 must show a diagnosis of Alzheimer’s or related disorder.
- The recipient must reside in a licensed ACH Special Care Unit.
- The SCU rate is applicable the date of entry into the SCU if all eligibility criteria are met.

In a few counties, individuals age 18 through 64 who do not meet the SSI definition of disability, but are living in a private living arrangement, and are unemployable because of an impairment, may receive SA for the Certain Disabled (SCD), provided they:

- are a US citizen or alien qualified to receive benefits;
- meet the NC residency requirement for SA; and
- meet the income and assets tests.

Eligibility for benefits and documentation requirements are outlined above under I. PROGRAM OBJECTIVES and II. PROGRAM PROCEDURES headings, and in the State/County Special Assistance Manual (available in the county department of social services and online.)

Income eligibility and benefit payment amount for SA is based on the individual’s Total Countable Income and the current maximum rate that a facility can charge recipients of SA. The maximum rate is set by the NC General Assembly. Effective October 1, 2009 the rate is \$1,182. The Personal Needs Allowance, also established by the NC General Assembly remains at \$46, effective October 1, 2003. Special Assistance Basic payments are determined as illustrated by the example below.

|  |             |
|--|-------------|
| Current SA Basic Rate (1/1/09)   | \$ 1,182.00 |
| Personal Needs Allowance   | + 46.00     |
| Maintenance Amount   | \$ 1,228.00 |
| Countable Income (after applicable exclusions and disregards,<br>Including the \$20 General Income Exclusion difference) | - 791.82    |
| SA payment (difference rounded to the nearest dollar)  | \$ 436.18   |
|  | \$ 436.00   |

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The maximum rate is set by the NC General Assembly. The current maximum SA/ACH SCU rate is \$1,515 per month\*, which became effective October 1, 2005. The Personal Needs Allowance, also established by the NC General Assembly, increased to \$46 effective October 1, 2003. Special Assistance SCU payments are determined as illustrated by the example below.

|  |                    |
|--|--------------------|
| Current SA/ACH SCU Rate  | \$ 1,515.00        |
| Personal Needs Allowance   | + 46.00            |
| Maintenance Amount   | <u>\$ 1,561.00</u> |
| Countable Income (after applicable exclusions and disregards,<br>Including the \$20 General Income Exclusion difference) | <u>- 791.82</u>    |
| SA payment (difference rounded to the nearest dollar)  | \$ 769.18          |
|  | \$ 769.00          |

If the difference between the individual’s Maintenance Amount and the Countable Income is \$0.49 or less, the difference is rounded to \$0.00 and the individual is not eligible for Special Assistance. Differences between \$0.50 and \$4.49 are rounded to payment amounts of \$1.00, \$2.00, \$3.00, or \$4.00, as appropriate. Differences between \$4.50 and \$4.99 are rounded up to a payment amount of \$5.00. Individuals eligible for SA payments of \$1.00 to \$4.00 are eligible for SA (and Medicaid), but will not receive a check. The minimum SA payment to qualify for receipt of an SA check is \$5.00.

The following table illustrates eligibility “cut-off” and payment amounts for SA/ACH Basic recipients, based on Countable Income and the current maximum allowable rate of \$1,253 per month:

| <u>If Countable Income is:</u> | <u>the applicant/recipient is:</u>  |
|--------------------------------|---|
| \$1,223.50 or less             | income eligible and will receive an SA payment (\$5.00 or more)   |
| \$1,223.51 to \$1,228.50       | income eligible, but will not receive an SA payment (SA payment amount = \$4.00 to \$1.00, which is below the \$5.00 minimum) |
| \$1,228.51 or more             | ineligible based on income (SA payment amount = \$0.00)   |

The following table illustrates eligibility “cut-off” and payment amounts for SA/ACH SCU recipients, based on Countable Income and the current maximum allowable rate of \$1,561 per month:

| <u>If Countable Income is:</u> | <u>the applicant/recipient is:</u>  |
|--------------------------------|---|
| \$1,556.50 or less             | income eligible and will receive an SA payment (\$5.00 or more)   |
| \$1,556.51 to \$1,560.50       | income eligible, but will not receive an SA payment (SA payment amount = \$4.00 to \$1.00, which is below the \$5.00 minimum) |
| \$1,560.51 or more             | ineligible based on income (SA payment amount = \$0.00)   |

As described under II. PROGRAM PROCEDURES heading above, eligibility verification, application processing and case disposition, maintenance, and tracking are all performed through utilization of the State's automated systems for client eligibility and benefit payment. Descriptions of, and instructions for use of these systems (including IEVS and EIS) can be found in the Special Assistance Manual and the EIS User's Manual, both available in the county department of social services and online.

For details concerning eligibility determination, verification, computerized case disposition, approval and tracking, and benefit calculations, see Special Assistance Manual: SA-3100; SA-3110; SA-3200; SA-3205; SA-3210; SA-3220; SA-3230; SA-3240; SA-3250; SA-3300; SA-3310; SA-3400.

**Audit Objective** – To ensure that the eligibility requirements are being administered appropriately based on program procedures.

**Suggested Audit Procedures** –

- A. Select a sample of case records for review of eligibility determination and benefit calculation.
- B. Review eligibility and verification documents as described under III. 1. Activities Allowed or Unallowed heading above.
- C. Confirm that eligibility periods and payment amounts documented in the case records correspond to data in the EIS system.
- D. Assure that benefits paid to the individuals were calculated correctly and in compliance with the Special Assistance program requirements.
- E. Confirm that notices regarding eligibility and benefits were sent to the applicant/recipient as required and in a timely manner.
- F. Confirm that case records contain copies of a valid FL-2 or MR-2 recommending “rest home level of care” (domiciliary, adult care home, assisted living, or supervised living, residential care) for the periods of eligibility in accordance with program policies (see Special Assistance Manual: SA-3100; SA-3110).
- G. Confirm that benefits were discontinued in a timely manner when the period of eligibility expired, in those cases where appropriate.

**7. MATCHING, LEVEL OF EFFORT, EARMARKING**

**Compliance Requirement**

Matching

**Compliance Requirement** – Funding for benefits under this program come from 50% State funds, and requires a 50% county match. Administrative costs are funded with 100% county dollars.

**Audit Objective** -- Ensure that State funds received for this program are matched appropriately by the county.

**Suggested Audit Procedure** – Review the financial records of the county concerning this program and determine whether required matching has taken place relative to funds received for this program. These records should be located at the county DSS or the county’s Finance Office.

Level of Effort

This does not apply to the State/County Special Assistance Program at the local level.

Earmarking

This does not apply to the State/County Special Assistance Program.

**12. REPORTING**

DSS-0 Crosscutting requirements apply. The county departments of social services report information about applicant eligibility and recipient payments via the Division of Social Services’ Eligibility Information System (EIS). Fiscal reporting is conducted via the DSS-1571.

**13. SUBRECIPIENT MONITORING**

Subcontracting is not applicable to this fund source.