

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

**SESSION LAW 2012-142
(as amended by Section 3.3 of S.L. 2012-145)
HOUSE BILL 950**

**AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS
APPROPRIATIONS ACT OF 2011 AND FOR OTHER PURPOSES.**

The General Assembly of North Carolina enacts:

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

...

STATE AUDITOR AUDIT DIVISION OF MEDICAL ASSISTANCE

SECTION 10.9A.(a) [As amended by Section 3.3 of S.L. 2012-145] The State Auditor shall audit the Department of Health and Human Services, Division of Medical Assistance, and the State Medicaid Program operated within the Department. The audit shall include the State Auditor's examination of at least all of the following:

- (1) The administrative functions and responsibilities of permanent Division staff.
- (2) The administrative functions that are performed either partially or entirely through contracts, cooperative agreements, Memorandums of Understanding (MOUs) with external entities, such as independent contractors, private vendors, universities, county governments, and other State or federal agencies. To identify these administrative functions, the State Auditor shall develop an inventory of all administrative contracts for purchased services, including a brief description of the scope of work, cost, and the period of performance for each contract.
- (3) The amount of funds, staff, and other resources dedicated to the performance of each administrative function of the Division.
- (4) The timeliness and compliance with State and federal mandates when carrying out the functions of the Division, including all of the following:
 - a. The production of accurate, multiyear projections of Medicaid recipient participation, consumption of services, and costs.
 - b. The oversight of the Medicaid program to ensure that program participation by Medicaid eligible recipients, consumption of services, and expenditures are within the budget authorized by the General Assembly for each fiscal year, including early detection of expenditure trends that indicate potential budget shortfalls.
 - c. The timeliness of preparing and submitting Medicaid State Plan amendments to obtain approval from the Centers for Medicare and Medicaid Services to comply with State and federal laws and regulations.
 - d. The collection, distribution, and maintenance of statistical data and other information on the Medicaid eligible population, eligible recipient participation, consumption of services, Medicaid patient health outcomes, provider participation and related issues, and costs.
 - e. The timeliness of distribution and the presentation of complete and accurate information with supportive documentation to the Secretary of the Department of Health and Human Services, the Governor's



Office, and the General Assembly regarding funding needs and policy issues.

SECTION 10.9A.(b) The State Auditor shall give a preliminary report on the audit required by this section to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by November 1, 2012, and shall complete the audit by February 1, 2013.

SECTION 10.9A.(c) Of the funds appropriated to the Department of Health and Human Services, Division of Medical Assistance, from the General Fund for the 2012-2013 fiscal year to fund contracts, the Department shall transfer to the North Carolina Office of the State Auditor the amount of funds necessary to complete the audit required by this section."

...

EFFECTIVE DATE

SECTION 27.8. Except as otherwise provided, this act becomes effective July 1, 2012.

In the General Assembly read three times and ratified this the 21st day of June, 2012.

s/ Richard Y. Stevens
Presiding Officer of the Senate

s/ Thom Tillis
Speaker of the House of Representatives

VETO Beverly E. Perdue
Governor

Became law notwithstanding the objections of the Governor at 10:41 p.m. this 2nd day of July, 2012.

s/ Sarah Clapp
Senate Principal Clerk