



North Carolina Medicaid Computer System Litigation, 810 S.E.2d 224 (NC 2018)

Topics Covered: Medicaid, Payment Issues for Physicians

Outcome: Highly unfavorable

Issue

The issue in this case was whether the North Carolina Medicaid program could be required to pay physicians for the services rendered to Medicaid participants.

AMA Interest

The AMA supports adequate and appropriate payment to physicians under the Medicaid program.

Case Summary

In December 2008, the North Carolina Department of Health and Human Services (NC HHS) awarded a \$265 million contract to Computer Sciences Corporation (CSC) to keep track of claims made and payments rendered to or on behalf of patients covered under the North Carolina Medicaid plan. The computer system was to be known as “NC Tracks Medicaid Claims.” In addition to CSC, the principal contractors, Maximus Consulting and SLI Global, helped to develop and implement the NC Tracks system.

NC Tracks began operation on July 1, 2013, at a cost of considerably more than the originally budgeted \$265 million.

Unfortunately, NC Tracks, at least from the viewpoint of the North Carolina Medical Society (NCMS), was a disaster. System errors caused, inter alia, delayed payments, denied reimbursements, and pre-approval denials. NCMS believed these problems went beyond ordinary computer “glitches,” in that the NC Tracks system systematically misapplied the Medicaid payment rules. Nearly every North Carolina Medicaid provider was affected in some way.

In the opinion of NCMS, NC HHS and CSC were unresponsive to complaints. Moreover, the CSC customer service only exacerbated the mistakes. Despite these concerns, NC HHS defended the CSC work product.

NCMS believed that if something were not done, the NC Tracks problems would never be resolved. Accordingly, NCMS sponsored a lawsuit by its members to recover money owed for Medicaid services and compel remediation of the computer system. The case, entitled *Abrons Family Practice and Urgent Care v. North Carolina Department of Health and Human Services*, was filed in the Wake County Superior Court.

The trial court found that the plaintiffs had failed to exhaust their administrative remedies, and it dismissed the case per the defendants' motion. The plaintiffs appealed to the North Carolina Court of Appeals.

The Court of Appeals, by a split decision, reversed. It held the exhaustion issue was one of fact, which could not be resolved on a motion. The case was then appealed to the North Carolina Supreme Court. On March 2, 2018, the Supreme Court held that the plaintiffs had failed to exhaust their administrative remedies. It reversed the Court of Appeals and ordered reinstatement of the trial court's dismissal.

Litigation Center Involvement

The Litigation Center helped to defray the NCMS litigation expenses. Also, the Litigation Center along with NCMS, filed an *amicus* brief to the North Carolina Supreme Court, to support the plaintiffs.

North Carolina Supreme Court brief